

**NEW ISSUE  
BOOK-ENTRY ONLY  
BANK QUALIFIED**

**Ratings:  
FITCH: “AAA” (Stable Outlook)  
MOODY’S: “Aa1”  
See “BOND RATINGS” herein**

*Subject to compliance by the Town with certain covenants, in the opinion of Hart, Southworth & Witsman, Springfield, Illinois (“Bond Counsel”), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX EXEMPTION” herein for a more complete discussion. The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.*

**Town of Normal  
McLean County, Illinois  
\$9,340,000 General Obligation Refunding Bonds, Series 2017B**

**Dated: March 15, 2017**

**Due: June 1, as further described on the inside cover page**

The General Obligation Refunding Bonds, Series 2017B (the “Bonds”), of the Town of Normal, McLean County, Illinois (the “Town”), will be issued in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, Indianapolis, Indiana, as bond registrar and paying agent, to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal of and interest on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Individual purchases of the Bonds will be made in the principal amount of \$5,000 or any integral multiple thereof.

The Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semi-annually on each June 1 and December 1, commencing June 1, 2017.

Proceeds of the Bonds will be used to (a) refund certain of the Town’s outstanding bonds and (b) pay costs associated with the issuance of the Bonds.

The Bonds are subject to redemption prior to maturity at the option of the Town, as a whole or in part, on any date on or after June 1, 2026, at the redemption price of par plus accrued interest to the redemption date. See “THE BONDS—Redemption” herein.

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the Town and are payable from any funds of the Town legally available for such purpose, and all taxable property in the Town is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See “THE BONDS—Security” herein.

*The Bonds are offered when, as and if issued by the Town and received by Mesirow Financial, Inc., Chicago, Illinois (the “Underwriter”), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Hart, Southworth & Witsman, Springfield, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Town by its Corporation Counsel, Brian Day, and for the Underwriter by its counsel, Chapman and Cutler LLP, Chicago, Illinois. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about March 15, 2017.*



The date of this Official Statement is February 14, 2017.

**Town of Normal  
McLean County, Illinois**

**\$9,340,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017B**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

MATURITY (JUNE 1)	AMOUNT	INTEREST RATE	YIELD	CUSIP NUMBER* (656066)
2032	\$ 895,000	4.00%	3.15%	QK6
2033	2,700,000	4.00%	3.20%	QF7
2034	2,815,000	4.00%	3.25%	QG5
2035	2,930,000	4.00%	3.30%	QH3

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\* CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Town or Mesirow Financial, Inc., Chicago, Illinois (the “*Underwriter*”), to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and if given or made, such other information or representations must not be relied upon as statements having been authorized by the Town, the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the Town is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the Town or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the Town’s beliefs as well as assumptions made by and information currently available to the Town. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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## **EXHIBITS**

- Exhibit A-1 — Statement of Net Assets - Governmental Activities, Fiscal Years Ended March 31, 2012-2016
- Exhibit A-2 — Statement of Activities - Governmental Activities, Fiscal Years Ended March 31, 2012-2016
- Exhibit B-1 — Balance Sheet - General Fund, Fiscal Years Ended March 31, 2012-2016
- Exhibit B-2 — Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund, Fiscal Years Ended March 31, 2012-2016
- Exhibit C — Summary of Budgeted Appropriations - General Fund Fiscal Year Ending March 31, 2017
- Exhibit D — General Fund Revenue Sources Fiscal Year Ended March 31, 2016

## **APPENDICES**

- Appendix A — Audited Financial Statements of the Town for the Fiscal Year Ended March 31, 2016
- Appendix B — Proposed Form of Opinion of Bond Counsel

**TOWN OF NORMAL  
McLean County, Illinois**

11 Uptown Circle  
Normal, Illinois 61761  
(309) 454-2444

**TOWN COUNCIL**

Christopher Koos, *Mayor*

Jeff Fritzen  
Cheryl Gaines  
Kevin McCarthy

Scott Preston  
Kathleen Lorenz  
R.C. McBride

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Mark R. Peterson, *City Manager*

Wendellyn J. Briggs, *Town Clerk*

Andrew Huhn, *Finance Director*

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Brian Day  
*Corporation Counsel*  
Normal, Illinois

Mesirow Financial, Inc.  
*Underwriter*  
Chicago, Illinois

Hart, Southworth & Witsman  
*Bond Counsel*  
Springfield, Illinois

Chapman and Cutler LLP  
*Underwriter's Counsel*  
Chicago, Illinois

U.S. Bank National Association  
*Registrar/Paying Agent/Escrow Agent*  
Indianapolis, Indiana

CliftonLarsonAllen LLP  
*Auditor*  
Champaign, Illinois

## **OFFICIAL STATEMENT**

### **Town of Normal McLean County, Illinois \$9,340,000 General Obligation Refunding Bonds, Series 2017B**

#### **INTRODUCTION**

The purpose of this Official Statement is to set forth certain information concerning the Town of Normal, McLean County, Illinois (the "*Town*"), in connection with the offering and sale of its General Obligation Refunding Bonds, Series 2017B (the "*Bonds*").

This Official Statement contains "forward-looking statements" that are based upon the Town's current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled," "pro-forma" and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the Town. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the Town nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

#### **THE BONDS**

##### **AUTHORITY AND PURPOSE**

The Town is a home rule unit of government under the provisions of Section 6(a) of Article VII of the 1970 Illinois Constitution. The Bonds are being issued pursuant to the Town's home rule powers, the Illinois Municipal Code, the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and pursuant to a bond ordinance (the "*Bond Ordinance*") adopted by the Town Council on December 19, 2016, as supplemented by a bond order.

Proceeds of the Bonds will be used to (a) refund certain of the Town's outstanding General Obligation Bonds, Series 2007, dated March 7, 2007 (the "*Series 2007 Bonds*," and those Series 2007 Bonds being refunded, the "*Refunded Bonds*"), and (b) pay costs associated with the issuance of the Bonds. See "THE REFUNDING" herein.

##### **GENERAL DESCRIPTION**

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York ("*DTC*"). Principal of and interest on the Bonds will be payable by U.S. Bank National Association, Indianapolis, Indiana (the "*Registrar*").



The Bonds will mature as shown on the inside cover page hereof. Interest on the Bonds will be payable each June 1 and December 1, beginning June 1, 2017.

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date.

#### REGISTRATION AND TRANSFER

The Registrar will maintain books for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or his or her attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Bonds, but the Town or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

#### REDEMPTION

*Optional Redemption.* The Bonds are subject to redemption prior to maturity at the option of the Town as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the Town (less than all of the Bonds of a single maturity to be selected by the Registrar), on June 1, 2026, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

*General.* The Town will, at least 45 days prior to any redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Registrar from the Bonds of such maturity by such method of lottery as the Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection

of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book-entry depository); *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof in principal amounts of \$5,000 and integral multiples thereof.

Unless waived by any holder of Bonds to be redeemed, notice of the call for any redemption will be given by the Registrar on behalf of the Town by mailing the redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the Town are received by the Registrar prior to the giving of such notice of redemption, such notice may, at the option of the Town, state that said redemption will be conditional upon the receipt of such moneys by the Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the Town will not redeem such Bonds, and the Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the Town will deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Registrar at the redemption price.

#### SECURITY

The Bonds, in the opinion of Hart, Southworth & Witsman, Springfield, Illinois (“*Bond Counsel*”), will be valid and legally binding general obligations of the Town and will be secured by the full faith and credit of the Town and are payable, as to both principal and interest, from ad valorem taxes to be levied on all taxable property within the Town without limitation as to rate or amount.

The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the Town in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Ordinance will be filed with the County Clerk of McLean County, Illinois (the “*County Clerk*”), and will serve as authorization to the County Clerk to extend and collect the property taxes as set forth in the Bond Ordinance to pay the Bonds.

Reference is made to Appendix B for the proposed form of opinion of Bond Counsel.

### THE REFUNDING

A portion of the proceeds of the Bonds and the Town's General Obligation Refunding Bonds, Series 2017A, (the "*Series 2017A Bonds*"), being issued simultaneously with the Bonds, will be used to refund the Refunded Bonds, further described as follows:

#### SERIES 2007 BONDS

MATURITY (JUNE 1)	ORIGINAL AMOUNT ISSUED	AMOUNT REFUNDED BY THE SERIES 2017A BONDS*	AMOUNT REFUNDED BY THE BONDS*	CALL PRICE	CALL DATE
2017	\$ 265,000	\$ 0	\$ 0	N/A	N/A
2018	275,000 <sup>(1)</sup>	275,000	0	100%	06/01/2017
2019	275,000 <sup>(1)</sup>	275,000	0	100%	06/01/2017
2020	275,000 <sup>(1)</sup>	275,000	0	100%	06/01/2017
2021	275,000	275,000	0	100%	06/01/2017
2022	270,000 <sup>(1)</sup>	270,000	0	100%	06/01/2017
2023	290,000 <sup>(1)</sup>	290,000	0	100%	06/01/2017
2024	310,000	310,000	0	100%	06/01/2017
2025	340,000 <sup>(1)</sup>	340,000	0	100%	06/01/2017
2026	380,000 <sup>(1)</sup>	380,000	0	100%	06/01/2017
2027	360,000	360,000	0	100%	06/01/2017
2028	395,000 <sup>(1)</sup>	395,000	0	100%	06/01/2017
2029	435,000 <sup>(1)</sup>	435,000	0	100%	06/01/2017
2030	1,885,000 <sup>(1)</sup>	1,885,000	0	100%	06/01/2017
2031	2,415,000 <sup>(1)</sup>	2,415,000	0	100%	06/01/2017
2032	2,525,000	1,285,000	1,240,000	100%	06/01/2017
2033	2,645,000 <sup>(1)</sup>	0	2,645,000	100%	06/01/2017
2034	2,775,000 <sup>(1)</sup>	0	2,775,000	100%	06/01/2017
2035	2,910,000 <sup>(1)</sup>	0	2,910,000	100%	06/01/2017
2036	3,050,000	3,050,000	0	100%	06/01/2017
TOTAL	\$22,350,000	\$12,515,000	\$9,570,000		

\* Preliminary, subject to change.

(1) Mandatory sinking fund payment.

Certain proceeds received from the sale of the Bonds and the Series 2017A Bonds will be deposited in an Escrow Account (the "*Escrow Account*") to be held by U.S. Bank National Association, Indianapolis, Indiana (the "*Escrow Agent*"), under the terms of an Escrow Agreement, dated as of the date of issuance of the Bonds and the Series 2017A Bonds, between the Town and the Escrow Agent. The moneys so deposited in the Escrow Account will be held in cash or applied by the Escrow Agent to purchase direct non-callable obligations of, or obligations guaranteed by the full faith and credit of, the United States of America (the "*Government Securities*") and to provide an initial cash deposit. The Government Securities together with interest earnings thereon and a beginning cash deposit will be sufficient to pay when due the principal of and interest on the Refunded Bonds up to and including the maturity or prior redemption date thereof.

## SOURCES AND USES

The sources and uses of funds resulting from the Bonds are shown below:

### SOURCES:

Principal Amount	\$9,340,000.00
Original Issue Premium	<u>559,831.55</u>
Total Sources	\$9,899,831.55

### USES:

Deposit to Escrow Account to pay Refunded Bonds	\$9,784,864.24
Costs of Issuance*	<u>114,967.31</u>
Total Uses	\$9,899,831.55

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\* Includes underwriter's discount and other issuance costs.

## RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

## FINANCES OF THE STATE OF ILLINOIS

The State of Illinois (the "*State*") has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. In addition, the underfunding of the State's pension systems has contributed to the State's poor financial health. The State has also been operating since July 1, 2015, without a fully enacted budget for the fiscal year ending June 30, 2016, and has not enacted a budget for the fiscal year ending June 30, 2017.

The State's general fiscal condition, the underfunding of the State's pension systems and the State's continuing budget impasse have materially adversely affected the State's financial condition and may result in decreased or delayed State appropriations to the Town.

The Town cannot predict the effect the State's ongoing financial problems may have on the Town's future finances.

## LOCAL ECONOMY

The financial health of the Town is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the Town.

## LOSS OR CHANGE OF BOND RATINGS

The Bonds have received a credit rating from Fitch Ratings, Inc., New York, New York (*Fitch*) and Moody's Investors Service, New York, New York (*Moody's*). The ratings can be changed or withdrawn at any time for reasons both under and outside the Town's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

## SECONDARY MARKET FOR THE BONDS

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

## CONTINUING DISCLOSURE

A failure by the Town to comply with the Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE" herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission (the "*Commission*") under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), and may adversely affect the transferability and liquidity of the Bonds and their market price.

## SUITABILITY OF INVESTMENT

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine the Official

Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

#### FUTURE CHANGES IN LAWS

Various state and federal laws, regulations and constitutional provisions apply to the Town and to the Bonds. The Town can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Town, or the taxing authority of the Town. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the Town, the taxable value of property within the Town, and the ability of the Town to levy property taxes or collect revenues for its ongoing operations.

#### FACTORS RELATING TO TAX EXEMPTION

As discussed under “TAX EXEMPTION” herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Town in violation of its covenants in the Bond Ordinance. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the Town’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the Town.

The tax-exempt bond office of the Internal Revenue Service (the “*Service*”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for Federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the Town as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the Town could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

## BANKRUPTCY

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

## THE TOWN

### GENERAL INFORMATION

The Town is located in central Illinois, was incorporated in 1867 and is a home rule unit of government under the Constitution of the State of Illinois. The Town encompasses an area of approximately 17 square miles in McLean County, Illinois (the "*County*"). The Town and its sister community, the City of Bloomington ("*Bloomington*"), are within a three-hour drive of Chicago, Illinois, St. Louis, Missouri, and Indianapolis, Indiana.

Normal and Bloomington's designation as two of the fastest growing communities in Illinois is due in large part to the stable economy and exceptional transportation, education and healthcare systems. Employers both large and small have recognized the benefits of these community features and have contributed to the expanding, diverse employment base.

The Town is home to many of the County's largest employers. The local economy is bolstered by the presence of State Farm Insurance Companies' corporate and regional headquarters, which is located in Bloomington.

### TRANSPORTATION

*Interstate System:* The Town is bounded by three major interstate highway systems. Interstates 39, 55 and 74 offer highway travel opportunities to the central Illinois area in addition to Illinois Route 9 and U.S. 150 which intersects the Normal and Bloomington communities.

*Rail System:* The Town is located on the Chicago/St. Louis rail corridor. Amtrak has a station in the Town which serves a large population from Illinois State University as well as the Normal and Bloomington business communities commuting to both Chicago and St. Louis. Normal's passenger rail ridership is one of the highest in Illinois. In calendar year 2013, Union Pacific Railroad implemented the first phase of its Chicago-St. Louis high speed rail line between the Town and Pontiac, Illinois. Currently, Union Pacific is constructing high speed rails south of the Town to St. Louis.

*Central Illinois Regional Airport:* The Central Illinois Regional Airport ("*CIRA*") is a regional hub for air transportation, offering commuter and jet service to major national destinations and has been identified as one of the nation's fastest growing airports in recent years. In 2001, CIRA opened its \$14.7 million, 102,300 square foot terminal. American, Delta

and Allegiant provide non-stop and connecting service through major hubs which provide worldwide access to and from the Central Illinois community.

## GOVERNMENT AND MUNICIPAL SERVICES

The Town operates under the Council/Manager form of government. The Town's legislative authority is vested in a seven-member Board of Trustees (the "*Council*") consisting of the President (Mayor) and six Trustees. Under this system, the Mayor and Council are responsible for enacting local laws, ordinances and resolutions as well as determining overall Town policies. The Mayor and Council are elected at large in nonpartisan elections.

The Council also appoints a City Manager. The City Manager is the chief administrative officer of the Town and is responsible for the daily operation of all city departments. The City Manager oversees the hiring of all Town employees, except fire fighters and police officers, and prepares the agenda for City Council meetings. The City Manager is assisted by 15 department heads, more than 370 full-time employees and over 300 seasonal or part-time employees.

As a full-service municipality, the Town provides comprehensive public safety services, park and recreation services, waste and street maintenance services and water and sewer utility services.

## EDUCATION

Primary and secondary educational needs are provided by Community Unit School District Number 5 (the "*School District*"), which operates 17 elementary schools, 4 junior high schools and 2 high schools, serving over 13,500 students.

Higher educational opportunities are available at the following institutions:

- *Illinois State University* — Illinois State University ("*ISU*") was founded in 1857. The Town of Normal developed around the ISU, which is located in the central part of the Town, adjacent to the Uptown Business District. ISU had a fall 2015 enrollment of 20,807, which includes 2,380 graduate students and 18,427 undergraduate students.
- ISU offers a broad selection of both undergraduate and graduate programs. Students can select their courses from among the University's six colleges and 34 academic departments including the Mennonite College of Nursing and the Katie Insurance School. Undergraduate programs are offered in over 160 fields of study while the Graduate program offers 53 Masters Certificates and Doctoral degree programs.
- *Illinois Wesleyan University* — Illinois Wesleyan University ("*IWU*") is located in Bloomington, Illinois, and is located less than two miles from ISU in Normal. IWU is an independent co-educational undergraduate institution founded in 1850. Fall 2016 enrollment was 1,771.



The U.S. News and World Report has often ranked IWU among the nation's best buys and has consistently ranked Illinois Wesleyan among the best National Liberal Arts Colleges and Universities in the nation. IWU students are offered a quality education in the College of Liberal Arts' 42 majors, the College of Fine Arts and the School of Nursing.

- *Heartland Community College* — Heartland Community College is a fully accredited two year institution founded in 1990. Heartland Community College has learning centers in Lincoln and Pontiac, but the main 220,000 square foot campus facility is located on 160 acres in Normal. The fall 2014 enrollment of students in credit courses was 5,286.
- *Lincoln College* — Lincoln College, based in Lincoln, Illinois, offers a campus in Normal which presently serves approximately 500 students. Lincoln College is a private residential junior college specializing in Associate in Arts Degrees for the purpose of transferring students on to four year colleges and universities. Baccalaureate Degree programs are available in Liberal Arts and Business Management at the Normal, Illinois campus.

Additionally, within a 60-mile radius of McLean County there are facilities of six other colleges and universities including the University of Illinois in Champaign Urbana, Bradley University in Peoria, Eureka College in Eureka, Millikin University in Decatur, Lincoln Christian College in Lincoln and the University of Illinois at Springfield.

## HEALTH CARE

Bloomington-Normal supports two accredited, not-for-profit general hospitals.

Advocate BroMenn Medical Center, a 221-bed full-service, not-for-profit hospital located in Normal, is one of the most advanced acute care facilities in central Illinois. The medical center encompasses a wide range of acute, outpatient, rehabilitative and preventative health care services, as well as a state-of-the-art open-heart surgery operating suite.

OSF St. Joseph Medical Center is a 157-bed, comprehensive medical center in Bloomington, Illinois, and part of OSF Healthcare System, founded and operated by The Sisters of the Third Order of St. Francis. OSF St. Joseph offers complete acute inpatient care; a full range of outpatient and rehabilitative services; occupational medicine and health services; cardiac surgery and rehabilitation; wellness, prevention and diagnostic services; a Level II trauma center; and PromptCare, a clinic for minor illnesses and injuries with no appointment needed.

## RECREATIONAL FACILITIES AND CULTURAL / COMMUNITY ACTIVITIES

There are numerous public parks located in the Bloomington-Normal area, offering public and private tennis courts, 9 public golf courses and several public and private swimming pools. There are also several private recreation and exercise clubs including the YMCA and

YWCA. The City of Bloomington, in conjunction with the McLean County Zoological Society, maintains the Miller Park Zoo in Bloomington. Constitution Trail, a 24-mile paved scenic pathway along a former railroad right-of-way, is one of Central Illinois' most unique parks and is a favorite of bikers, joggers, walkers and skiers.

ISU and IWU provide extensive programs in the Arts. Braden Auditorium on the ISU campus (3,500 seating capacity) hosts an annual entertainment series featuring international stars and professional artists, as well as a variety of other cultural opportunities. IWU's McPherson Theater offers a total arts package maintained by the University's Schools of Music, Drama and Art. ISU hosts Bloomington-Normal and Springfield Symphony concerts and an annual Barbershop Singers competition. Bloomington annually hosts the Illinois Shakespeare Festival and the American Passion Play. The Community Players Theater, as well as summer theater programs sponsored by the Normal and Bloomington Parks and Recreation programs, encourage local talent and involvement. The Twin Cities Ballet Company provides experience for young dancers and ISU and IWU also offer dance classes. Art galleries are maintained at both Universities, as well as the McLean County Arts Association, a not for profit organization which supports fine arts in the County. There are 8 museums in Bloomington-Normal, two of which are maintained by the McLean County Historical Society, the second oldest historical society in Illinois.

The Bloomington Center for the Performing Arts ("*BCPA*") continues to be a cornerstone in the performing arts life of Bloomington-Normal. The BCPA has a seating capacity of 1,180 people with orchestra, balcony and box seat levels with a traditional seating plan. Also available on the first level of the Center there is a 1,200 seat formal ballroom. The Center presents an annual visiting artist series of over 40 performances and is also home to over 20 area performing arts ensembles. The BCPA is also home for a variety of local performing arts groups and community activities. More than 400 performances and community events take place here each year.

The U.S. Cellular Coliseum was constructed to expand the entertainment options available to the Bloomington-Normal area. The Coliseum holds up to 8,000 guests for concerts and 5,600 guests for football and hockey. It has 24 private suites, 2 rental group suites and a private club restaurant, as well as a variety of food outlet options. The Coliseum shares its facilities with the adjoining Pepsi Ice Center which offers residents an indoor, year-round sheet of ice. The facility offers residents the opportunity to ice skate, play hockey, and curl as well as watch professional and college hockey games.

## REDEVELOPMENT

In 1999, the Town Council embarked on an extensive assessment and planning process for the community's Central Business District which, at the time, was referred to as Downtown Normal. The Town Council elected to hire a planning firm to guide the community through the planning process. The result of this effort was an extensive Downtown Normal Redevelopment Plan, subsequently renamed the Uptown Renewal Plan (the "*Uptown Plan*").

As part of the Uptown Plan, the Town has embarked on several significant public projects. These projects were aimed to both create and facilitate future economic growth in the region. Certain projects are summarized below:

#### *Children's Discovery Museum*

The Children's Discovery Museum was the first new construction project associated with the Uptown Plan. The 34,000 square foot museum opened in 2004 and hosted over 150,000 visitors the first year. In March of 2012, the Museum greeted its one-millionth visitor. Additionally, the Museum was the first children's museum in the Country to achieve LEED Certification (Leadership in Energy and Environmental Design).

#### *Marriott Hotel and Conference Center*

In order to fully implement the vision contained in the Uptown Plan, the Town embarked on several public/private partnerships. The largest of these partnerships resulted in the construction and 2009 opening of the Marriott Hotel and Conference Center. The nine-story hotel contains 229 guest rooms as well as a pool, restaurant, fitness center, business center and concierge service. The attached conference center is owned by the Town of Normal and includes over 23,000 square feet of usable space. A 500-space parking deck was also constructed, accommodating all hotel guests, as well as other Uptown patrons. A skywalk provides a climate-controlled walkway between the hotel and the parking deck.

#### *Multimodal Transportation Center*

Uptown Station opened in July 2012 and this state of the art 68,000 square foot facility is the center piece of the Town. It has four floors and a 380 space attached parking deck. It was designed to connect several modes of transportation and serves as the 2nd busiest Amtrak stop in the state. It also serves as the Town's City Hall offices, which includes the Mayor and Council Chambers as well as Town administration, legal, clerk, finance, human resources, and information technology offices. The facility has meeting space available for community needs and has a large outdoor plaza of green space and seating to serve as a public commons.

The Uptown Station facility is located close to all Uptown attractions, including the Children's Discovery Museum, the Uptown circle and water feature and multiple areas for dining and recreation. The total project cost was \$45.9 million with the major funding coming from a \$22 million stimulus Federal grant program called TIGER or Transportation Investment Generating Economic Recovery. The remaining funds came from other Federal and State grants as well as local funds. The facility is LEED certified with several energy and water saving devices, a great deal of natural lighting for work spaces and a vegetation covered roof that absorbs stormwater and adds to the building's insulation.

In addition to the completion of Uptown Station, the area continues to grow as high profile student housing units continue to come online as well as a recently completed (September 2015) 114 room Hyatt Place Hotel and a planned mixed use building that will start construction

this year and includes a ground floor high-end restaurant, office space on the second floor and additional floors of luxury residential housing.

#### POPULATION DATA

The U.S. Census Bureau, in its 2010-2014 American Community Survey, estimates that the Town's current population is approximately 54,082. The estimated populations of the Town, the County and the State at the times of the last three U.S. Census surveys were as follows:

NAME OF ENTITY	1990	2000	2010	% CHANGE 2000/2010
The Town	40,023	45,386	52,497	31.17%
The County	129,180	150,433	169,572	31.27%
The State	11,430,602	12,419,293	12,830,632	12.25%

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Source: U.S. Census Bureau.

#### EDUCATIONAL CHARACTERISTICS OF PERSONS 25 YEARS AND OLDER

	HIGH SCHOOL GRADUATES	4 OR MORE YEARS OF COLLEGE
The Town	95.8%	51.5%
The County	94.7%	43.4%
The State	87.6%	31.9%

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Source: U.S. Census Bureau, 2010-2014 American Community Survey, 5-Year Estimates.

## FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE TOWN

### DIRECT GENERAL OBLIGATION BONDED DEBT (PRINCIPAL ONLY)

DUE:	SERIES 2007 BONDS <sup>(1)</sup> (JUNE 1)	SERIES 2008 BONDS <sup>(2)</sup> (JUNE 1)	SERIES 2009 BONDS <sup>(3)</sup> (JUNE 1)	SERIES 2009A BONDS <sup>(4)</sup> (JUNE 1)	SERIES 2010A BONDS <sup>(5)</sup> (JUNE 1)	SERIES 2012 BONDS <sup>(6)</sup> (JUNE 1)	SERIES 2013 BONDS <sup>(7)</sup> (JUNE 1)	SERIES 2014 BONDS <sup>(8)</sup> (JUNE 1)	SERIES 2016A BONDS <sup>(9)</sup> (JUNE 1)	SERIES 2016B BONDS <sup>(10)</sup> (JUNE 1)	PLUS: THE SERIES 2017A BONDS <sup>(11)</sup> (JUNE 1)	PLUS: THE BONDS (JUNE 1)	LESS: THE REFUNDED BONDS <sup>(11)</sup>	TOTAL GENERAL OBLIGATION BONDED DEBT <sup>(11)</sup>
2017	\$ 265,000	\$ 500,000	\$ 685,000				\$ 385,000	\$ 350,000	\$ 200,000					\$ 2,385,000
2018	275,000 <sup>(12)</sup>	500,000	800,000				240,000	360,000	200,000				\$ 275,000	2,100,000
2019	275,000 <sup>(12)</sup>	500,000	850,000			\$ 100,000	410,000	370,000	245,000				275,000	2,475,000
2020	275,000 <sup>(12)</sup>	500,000	875,000			395,000	470,000	385,000	250,000				275,000	2,875,000
2021	275,000	500,000	900,000			470,000	435,000	400,000	280,000				275,000	2,985,000
2022	270,000 <sup>(12)</sup>	500,000	1,000,000 <sup>(12)</sup>			465,000	510,000	415,000	215,000				270,000	3,105,000
2023	290,000 <sup>(12)</sup>	500,000	1,000,000			460,000	735,000	435,000	350,000		\$ 85,000		290,000	3,565,000
2024	310,000	500,000				1,215,000	770,000	450,000	350,000		345,000		310,000	3,630,000
2025	340,000 <sup>(12)</sup>	500,000				1,235,000	795,000	470,000	350,000		375,000		340,000	3,725,000
2026	380,000 <sup>(12)</sup>	500,000				1,270,000	825,000	490,000	350,000		415,000		380,000	3,850,000
2027	360,000	500,000				1,300,000	865,000	510,000 <sup>(12)</sup>	400,000		395,000		360,000	3,970,000
2028	395,000 <sup>(12)</sup>	500,000				1,330,000	895,000	530,000	400,000		435,000		395,000	4,090,000
2029	435,000 <sup>(12)</sup>	500,000				1,370,000	935,000	550,000 <sup>(12)</sup>	375,000		480,000		435,000	4,210,000
2030	1,885,000 <sup>(12)</sup>	500,000						570,000	375,000	\$ 275,000	1,930,000		1,885,000	3,650,000
2031	2,415,000 <sup>(12)</sup>	500,000						595,000 <sup>(12)</sup>	800,000	300,000	2,475,000		2,415,000	4,670,000
2032	2,525,000	500,000						620,000	800,000	300,000	1,705,000	\$ 895,000	2,525,000	4,820,000
2033	2,645,000 <sup>(12)</sup>	500,000						645,000 <sup>(12)</sup>	800,000	325,000	25,000	2,700,000	2,645,000	4,995,000
2034	2,775,000 <sup>(12)</sup>	0						670,000	1,000,000	325,000	25,000	2,815,000	2,775,000	4,835,000
2035	2,910,000 <sup>(12)</sup>	0							1,000,000	500,000	25,000	2,930,000	2,910,000	4,455,000
2036	3,050,000	0		\$ 500,000 <sup>(12)</sup>						650,000	3,075,000		3,050,000	4,225,000
2037		0		2,500,000 <sup>(12)</sup>						850,000				3,350,000
2038		1,500,000		1,000,000 <sup>(12)</sup>						1,000,000				3,500,000
2039				1,900,000	\$ 905,000					1,000,000				3,805,000
2040					950,000					1,000,000				1,950,000
2041										2,310,000				2,310,000
Totals	\$22,350,000	\$10,000,000	\$6,110,000	\$5,900,000	\$1,855,000	\$9,610,000	\$8,270,000	\$8,815,000	\$8,740,000	\$8,835,000	\$ 11,790,000	\$9,340,000	\$22,085,000	\$89,530,000

(1) General Obligation Bonds, Series 2007, dated March 7, 2007.

(2) General Obligation Bonds, Series 2008, dated August 14, 2008.

(3) General Obligation Refunding Bonds, Series 2009, dated July 30, 2009.

(4) Taxable General Obligation Bonds, Series 2009A (Build America Bonds (Direct Payment)), dated July 30, 2009.

(5) Taxable General Obligation Bonds, Series 2010A (Recovery Zone Bonds (Direct Payment)), dated December 16, 2010.

(6) General Obligation Refunding Bonds, Series 2012, dated October 15, 2012.

(7) General Obligation Refunding Bonds, Series 2012, dated November 13, 2013.

(8) General Obligation Bonds, Series 2014, dated December 4, 2014.

(9) General Obligation Refunding Bonds, Series 2016A, dated March 24, 2016.

(10) General Obligation Bonds, Series 2016B, dated March 24, 2016.

(11) Preliminary, subject to change.

(12) Mandatory sinking fund payment.

OVERLAPPING GENERAL OBLIGATION BONDED DEBT  
(As of January 3, 2017)

TAXING BODY	OUTSTANDING DEBT <sup>(1)</sup>	APPLICABLE TO TOWN	
		PERCENT	AMOUNT
The County <sup>(2)</sup>	\$ 46,895,000	22.358%	\$10,484,893
Bloomington-Normal Airport Authority	12,615,000	31.777%	4,008,679
Normal Community Unit School District #5	132,235,000	39.275%	51,934,644
Heartland Community College District No. 540	70,820,000	19.398%	13,737,904
<b>TOTAL OVERLAPPING BONDED DEBT</b>			<b>\$80,166,120</b>

Source: McLean County Clerk's Office

(1) Excludes the following amounts of alternate revenue bonded debt: Bloomington Normal Airport Authority - \$11,170,000.

(2) Includes Public Building Commission revenue bonds, the lease payments on which are considered a general obligation of the County.

SELECTED FINANCIAL INFORMATION

2015 Estimated Full Value of Taxable Property:	\$2,603,585,091
2015 EAV of Taxable Property:	\$ 867,861,697 <sup>(1)</sup>
Population Estimate:	54,802

General Obligation Bonded Debt (including the Bonds and the Series 2017A Bonds):	\$ 89,530,000 <sup>(2)</sup>
Other Direct General Obligation Debt:	\$ 0
Total Direct General Obligation Debt:	\$ 89,530,000 <sup>(2)</sup>
Percentage to Full Value of Taxable Property:	3.44% <sup>(2)</sup>
Percentage to EAV:	10.32% <sup>(2)</sup>
Per Capita:	\$ 1,655 <sup>(2)</sup>

General Obligation Bonded Debt (including the Bonds and the Series 2017A Bonds):	\$ 89,530,000 <sup>(2)</sup>
Overlapping General Obligation Bonded Debt:	\$ 80,166,120
General Obligation Bonded Debt and Overlapping General Obligation Bonded Debt:	\$ 169,696,120 <sup>(2)</sup>
Percentage to Full Value of Taxable Property:	6.52% <sup>(2)</sup>
Percentage to EAV:	19.55% <sup>(2)</sup>
Per Capita:	\$ 3,138 <sup>(2)</sup>

(1) Includes TIF EAV in the amount of \$30,996,831. See "Tax Increment Financing Districts Located Within the Town."

(2) Preliminary, subject to change.

## COMPOSITION OF EAV

	2011	2012	2013	2014	2015
<b>By Property Type</b>					
Residential	\$563,420,132	\$553,482,864	\$552,803,428	\$562,248,154	\$568,968,880
Commercial	250,944,674	252,262,559	251,106,574	820,014	839,076
Industrial	13,904,083	13,711,002	13,780,047	249,879,726	252,759,692
Farm	561,496	528,738	540,611	13,817,113	12,282,747
Railroad	<u>1,619,179</u>	<u>1,700,865</u>	<u>1,772,385</u>	<u>1,797,450</u>	<u>2,014,471</u>
Total EAV*	\$830,449,564	\$821,686,028	\$820,003,045	\$828,562,457	\$836,864,866

Source: McLean County Clerk's Office.

\* Does not include TIF EAV.

## TAX INCREMENT FINANCING DISTRICTS LOCATED WITHIN THE TOWN

A portion of the Town's EAV is contained in tax increment financing ("TIF") districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the Town, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated as such (the "*Base EAV*"). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not provided to the Town until the TIF district expires. The Town is not aware of any new TIF districts planned in the immediate future.

LOCATION NAME OF TIF	YEAR ESTABLISHED	BASE EAV	2015 EAV	INCREMENTAL EAV
Downtown TIF	2003	\$12,413,619	\$35,084,134	\$ 22,670,515
Normal Main/I-55 TIF	2008	661,533	661,533	0
Main/Osage TIF	2008	3,082,383	11,248,447	8,166,064
One Normal Plaza TIF	2009	720,317	880,569	160,252
North Normal Warehouse TIF	2013	421,951	421,951	0
Total Incremental EAV				\$ 30,996,831
District's Base 2015 EAV				836,864,866
Enterprise Zone EAV				0
Total EAV				<u><u>\$867,861,697</u></u>

Source: McLean County Clerk's Office.

## TREND OF EAV

LEVY YEAR	EQUALIZED ASSESSED VALUATION	% CHANGE IN EAV FROM PREVIOUS YEAR
2011	\$830,449,564	+1.01% <sup>(1)</sup>
2012	821,686,028	-1.06%
2013	820,003,045	-0.20%
2014	828,562,457	+1.04%
2015	836,864,866	+1.00%

Source: McLean County Clerk's Office.

Does not include TIF EAV.

(1) Based on the Town's \$822,142,018 2010 EAV.

## TAXES EXTENDED AND COLLECTED

TAX LEVY YEAR/ COLLECTION YEAR	TAXES EXTENDED	TAXES COLLECTED AND DISTRIBUTED	PERCENT COLLECTED
2011/12	\$6,765,519	\$6,764,001	99.98%
2012/13	6,604,674	6,597,719	99.89%
2013/14	7,680,449	7,678,721	99.98%
2014/15	7,941,919	7,936,992	99.94%
2015/16	8,057,829	8,055,647	99.97%

Source: McLean County Treasurer's and County Clerk's Offices.

## TOWN TAX RATES BY PURPOSE 2011-2015

(Per \$100 EAV)

PURPOSE	2011	2012	2013	2014	2015
Corporate Fund	\$0.1927	\$0.1389	\$0.1951	\$0.1931	\$0.1912
IMRF	0.1686	0.1886	0.1948	0.1897	0.1910
Fire Pension	0.1187	0.1284	0.1631	0.1783	0.1838
Police Pension	0.1621	0.1644	0.1954	0.2029	0.2048
Social Security	<u>0.1328</u>	<u>0.1424</u>	<u>0.1459</u>	<u>0.1518</u>	<u>0.1543</u>
Total	\$0.7749	\$0.7627	\$0.8943	\$0.9158	\$0.9250

Source: McLean County Clerk's Office.



## 2011-2015 REPRESENTATIVE TOTAL TAX RATES

(Per \$100 EAV)

TAXING AUTHORITY	2011	2012	2013	2014	2015
The Town	\$0.7749	\$0.7627	\$0.8943	\$0.9158	\$0.9250
The County	0.9157	0.9116	0.9037	0.9013	0.9184
Normal Township	0.1650	0.1669	0.2230	0.2280	0.2279
Normal Road and Bridge	0.0896	0.0907	0.0910	0.0935	0.0957
Normal Library	0.4148	0.4397	0.4465	0.4419	0.4505
Bloomington-Normal Water Reclamation	0.1639	0.1640	0.1701	0.1722	0.1745
Bloomington-Normal Airport	0.1549	0.1275	0.1274	0.1366	0.1357
Community Unit School District #5	4.7345	4.8841	5.0070	5.0271	5.0583
Heartland Comm. College District No. 540	<u>0.4758</u>	<u>0.4826</u>	<u>0.5067</u>	<u>0.5047</u>	<u>0.5405</u>
<b>TOTAL*</b>	<b>\$7.8891</b>	<b>\$8.0298</b>	<b>\$8.3696</b>	<b>\$8.4209</b>	<b>\$8.5263</b>

Source: McLean County Clerk's Office.

\*The total of such rates is the property tax rate paid by a typical resident living in the largest tax code in the Town.

## TEN LARGEST TAXPAYERS

TAXPAYER NAME	DESCRIPTION	2015 EQUALIZED ASSESSED VALUE	PERCENT OF TOWN'S TOTAL EAV
SH The Flats Normal LLC	Apartments	\$ 7,726,036	0.92%
Wal-Mart Supercenter	Department Store	7,683,916	0.92%
MCP Uptown Owner LLC	Commercial Property	6,500,000	0.78%
Mitsubishi Motors North America	Automobile Manufacturer	5,916,075	0.71%
Meijer Realty Co.	Department Store	5,611,180	0.67%
Factr Properties LLC	Commercial Property	4,463,649	0.53%
John Q. Hammons Hotels	Motel	4,901,962	0.59%
IMI College Hills Dev. LLC	Shopping Center	4,602,364	0.55%
Snyder Corp.	Commercial Property	4,143,019	0.50%
Blue Atlantic Normal LLC	Commercial Property	<u>6,566,667</u>	<u>0.78%</u>
		<u>\$50,388,832</u>	<u>6.02%</u>

Source: McLean County Clerk's Office, except for taxpayer descriptions which are based on publicly available information available to the Town.

The above taxpayers represent 6.02% of the Town's \$836,864,866 2015 EAV. Reasonable efforts have been made to seek out and report the largest taxpayers. However, many of the taxpayers listed may own multiple parcels and it is possible that some parcels and their valuations may not be included.

## RETAILERS' OCCUPATION, SERVICE OCCUPATION AND USE TAX

The following table shows the distribution of the municipal portion of the Retailers' Occupation, Service Occupation and Use Tax collected by the Illinois Department of Revenue (the "*Department*") from retailers within the Town. Sales Tax Receipts shown below represent the Town's historical 1% local government share and the Town's 2.5% home rule share of the State of Illinois Sales Tax Receipts as collected and disbursed by the State.

CALENDAR YEAR <sup>(1)</sup>	MUNICIPAL TAX	HOME RULE TAX	TOTAL
2011	\$7,954,718	\$8,566,605	\$16,521,323
2012	8,412,916	8,874,546	17,287,462
2013	8,633,468	9,021,829	17,655,297
2014	8,801,559	9,056,895	17,858,454
2015	8,856,261	9,155,812	18,012,073
2016 <sup>(2)</sup>	6,386,512	10,957,175	17,343,687

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Source: The Department.

(1) Calendar year reports ending December 31.

(2) Through September 2016.

## NEW PROPERTY

The following chart indicates the EAV of new property (as defined in the Limitation Law(as hereinafter defined)) within the Town for each of the last five levy years.

LEVY YEAR	NEW PROPERTY
2011	\$9,730,655
2012	5,887,754
2013	9,263,907
2014	9,269,743
2015	8,775,854

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Source: McLean County Clerk's Office.

## LARGEST EMPLOYERS

Below is a listing of the largest employers within or near the Town area:

EMPLOYER	PRODUCT OR SERVICE	APPROXIMATE NUMBER OF EMPLOYEES
State Farm Insurance Companies	Insurance	14,282
Illinois State University	Education	3,320
Country Financial	Insurance	1910
The School District	Education	1654
Advocate BroMenn Medical Center	Medical center	1402
OSF St. Joseph Medical Center	Medial center	1364
The County	County government	829
Anderson Financial Network, Inc.	Financial services	765
District 87 Schools	Education	657
Heritage Enterprises	Nursing care and assisted living	596
McDonalds Restaurants	Fast food restaurants	570
Bloomington	Municipal government	538
Illinois Wesleyan University	Higher education	499
Growmark, Inc.	Farm supplies	479
Nestle USA	Candy and confectionery	420
Bridgestone/Firestone Off-Road Tire Co.	Tires	392
The Town	Municipal government	374
Nussbaum Transportation Services, Inc.	Common carrier trucking	369
Illinois Farm Bureau	Company headquarters; farm-related newspaper publishing	342
Heartland Community College	Higher education	294

Source: Economic Development Council of the Bloomington-Normal Area – 2016 Demographic Profile.

## UNEMPLOYMENT RATES

The following table shows the trend in annual average unemployment rates for the Town, the County and the State.

	THE TOWN	THE COUNTY	THE STATE
2011 – Average	6.3%	6.6%	9.7%
2012 – Average	6.3%	6.4%	9.0%
2013 – Average	6.6%	6.6%	9.1%
2014 – Average	5.4%	5.4%	7.1%
2015 – Average	4.8%	4.9%	5.9%
2016 – Average (11 mos.)	5.3%	5.4%	6.0%

Source: State of Illinois Department of Employment Security.

## SPECIFIED OWNER-OCCUPIED UNITS

VALUE	THE TOWN		THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Under \$50,000	674	6.18%	3,244	7.58%	218,208	6.65%
\$50,000 to \$99,999	822	7.54%	5,535	12.93%	451,967	13.78%
\$100,000 to \$149,999	2,950	27.04%	10,472	24.46%	464,158	14.15%
\$150,000 to \$199,999	3,505	32.13%	10,146	23.70%	518,957	15.82%
\$200,000 to \$299,999	2,307	21.15%	8,835	20.64%	725,004	22.11%
\$300,000 to \$499,999	591	5.42%	3,882	9.07%	613,486	18.71%
\$500,000 to \$999,999	48	0.44%	625	1.46%	234,600	7.15%
\$1,000,000 or more	<u>12</u>	<u>0.11%</u>	<u>74</u>	<u>0.17%</u>	<u>53,191</u>	<u>1.62%</u>
Total	10,909	100.00%	42,813	100.00%	3,279,571	100.00%
Median Value	160,900		158,800		198,500	

Source: U.S. Census Bureau (2010-2014 American Community Survey).

## EMPLOYMENT BY INDUSTRY

CLASSIFICATION	THE TOWN		THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Agriculture, forestry, fishing, hunting and mining	152	0.52%	1,030	1.15%	63,558	1.05%
Construction	614	2.11%	3,411	3.80%	308,760	5.12%
Manufacturing	1,687	5.81%	5,871	6.54%	756,747	12.55%
Wholesale Trade	560	1.93%	1,506	1.68%	181,855	3.01%
Retail Trade	3,831	13.19%	9,592	10.68%	663,401	11.00%
Transportation, warehousing and utilities	550	1.89%	2,738	3.05%	353,089	5.85%
Information	462	1.59%	1,255	1.40%	124,634	2.07%
Finance, insurance and real estate	4,831	16.64%	18,807	20.94%	442,091	7.33%
Professional, scientific management administrative & waste management	1,673	5.76%	7,663	8.53%	681,276	11.29%
Educational, health & social services	9,069	31.23%	22,910	25.51%	1,391,310	23.07%
Arts, entertainment, recreations accommodations & food services	4,164	14.34%	9,271	10.32%	544,222	9.02%
Other Services	1,013	3.49%	3,743	4.17%	288,596	4.78%
Public Administration	<u>430</u>	<u>1.48%</u>	<u>2,011</u>	<u>2.24%</u>	<u>232,492</u>	<u>3.85%</u>
Total	29,036	100.00%	89,808	100.00%	6,032,031	100.00%

Source: U.S. Census Bureau (2010-2014 American Community Survey).

## EMPLOYMENT BY OCCUPATION

CLASSIFICATION	THE TOWN		THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Management, professional & related occupations	11,618	40.01%	37,467	41.72%	2,204,363	36.54%
Service occupations	6,199	21.35%	15,622	17.39%	1,048,478	17.38%
Sales & office occupations	8,088	27.86%	23,514	26.18%	1,500,220	24.87%
Natural resources, construction, & maintenance occupation	1,100	3.79%	5,242	5.84%	441,705	7.32%
Production, transportation & material moving occupations	<u>2,031</u>	<u>6.99%</u>	<u>7,963</u>	<u>8.87%</u>	<u>837,265</u>	<u>13.88%</u>
Total	29,036	100.00%	89,808	100.00%	6,032,031	100.00%

Source: U.S. Census Bureau (2010-2014 American Community Survey).

## MEDIAN HOUSEHOLD INCOME

According to the U.S. Census Bureau, the Town had a median household income of \$52,134. This compares to \$61,955 for the County and \$57,166 for the State. The following table represents the distribution of household incomes for the Town, the County and the State at the time of such survey.

	THE TOWN		THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Under \$10,000	2,249	11.91%	4,802	7.45%	341,784	7.15%
\$10,000 to \$14,999	1,191	6.31%	2,860	4.44%	218,422	4.57%
\$15,000 to \$24,999	1,903	10.08%	5,602	8.70%	479,384	10.03%
\$25,000 to \$34,999	1,803	9.55%	5,721	8.88%	455,890	9.54%
\$35,000 to \$49,999	2,010	10.65%	7,611	11.82%	614,706	12.86%
\$50,000 to \$74,999	3,060	16.21%	11,496	17.85%	852,342	17.84%
\$75,000 to \$99,999	2,130	11.28%	8,243	12.80%	612,247	12.81%
\$100,000 to \$149,999	2,869	15.20%	10,602	16.46%	671,103	14.04%
\$150,000 to \$199,999	1,137	6.02%	4,222	6.55%	265,693	5.56%
\$200,000 or more	<u>525</u>	<u>2.78%</u>	<u>3,256</u>	<u>5.05%</u>	<u>267,062</u>	<u>5.59%</u>
Total	18,877	100.00%	64,415	100.00%	4,778,633	100.00%

Source: U.S. Census Bureau (2010-2014 American Community Survey).

## PER CAPITA INCOME

	PER CAPITA INCOME
The Town	\$24,881
The County	30,728
The State	30,019

Source: U.S. Census Bureau (2010-2014 American Community Survey).

## SHORT-TERM BORROWING

The Town has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

## FUTURE DEBT

Except for the Bonds and the Series 2017A Bonds, the Town does not currently anticipate issuing any additional debt in 2017.

## DEFAULT RECORD

The Town has no record of default and has met its debt repayment obligations promptly.

## REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

### SUMMARY OF PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the Town. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County. There can be no assurance that the procedures described herein will not change.

### TAX LEVY AND COLLECTION PROCEDURES

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Department assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory

formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

#### EXEMPTIONS

An annual General Homestead Exemption provides that the Equalized Assessed Valuation (“EAV”) of certain property owned and used for residential purposes (“*Residential Property*”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to \$75,000 to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption (“*Senior Citizens Assessment Freeze Homestead Exemption*”) freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 and after. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain distress communities can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is

reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “*Natural Disaster Exemption*”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Disabled Veterans’ Exemption exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran’s disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs.

The Disabled Veterans’ Standard Homestead Exemption provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans’ Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, or the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time homestead exemption of \$5,000.

Finally, the Disabled Persons’ Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

#### PROPERTY TAX EXTENSION LIMITATION LAW

The Property Tax Extension Limitation Law, as amended (the “*Limitation Law*”), limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home-rule units. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year



preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

#### TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the “*Law*”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The Town covenanted in the Bond Ordinance that it will not take any action which would adversely affect the levy, extension, collection and application of the taxes levied by the Town for payment of principal of and interest on the Bonds. The Town also covenanted that it will comply with all present and future laws concerning the levy, extension and collection of such taxes levied by the Town.

#### RETIREMENT PLANS

The Town participates in three defined-benefit pension plans to provide post-retirement pension benefits to its employees: (a) the police pension fund, which provides pension benefits for all of the Town’s full-time police employees (the “*Police Pension Fund*”), (b) the firefighters’ pension fund, which provides pension benefits for all of the Town’s full-time firefighter employees (the “*Firefighters’ Pension Fund*”), and (c) the Town’s reserve account with the Illinois Municipal Retirement Fund (the “*IMRF*”), which provides pension benefits to the Town’s other employees not eligible to participate in the Police Pension Fund or the Firefighters’ Pension Fund (the “*IMRF Pension Fund*” and, together with the Police Pension Fund and the Firefighters’ Pension Fund, the “*Pension Funds*”). Certain of the provisions related to these plans are described below. See Note 7 and the required supplementary information disclosures to the Audit, which is attached hereto as APPENDIX A, for additional information regarding the pension plans, including plan descriptions, information on the Town’s contributions and employee contributions, the funded status and funding progress of the pensions plans and information regarding the assumptions made and the methods employed by the actuaries in producing actuarial valuations for the pension plans.

The Pension Plans make contribution decisions on the basis of actuarial valuations performed by the separate actuaries of the Pension Plans (individually, an “*Actuary*,” and, collectively, the “*Actuaries*”). In an actuarial valuation, an Actuary employs certain actuarial methods and assumptions regarding future activity in specific risk areas, including investment

return, payroll growth and retiree longevity, to make determinations regarding the future liability for pension benefits and, as a result, to determine the amount that must be contributed in the current year to provide for payment of those benefits in the future.

Actuarial assumptions that vary widely from pension plan experience may have the effect of causing over or under contributions by the Town to the Pension Plans. For information regarding the actuarial assumptions made by the Actuaries in connection with the Pension Plans, see Note 7 to the Audit.

#### ILLINOIS MUNICIPAL RETIREMENT FUND

As described above, the Town participates in the IMRF to provide pension benefits to its regular employees. The IMRF is a defined-benefit, agent multiple employer pension plan that acts as a common investment and administrative agent for units of local government and school districts in Illinois. IMRF is established and administered under statutes adopted by the Illinois General Assembly. The Illinois Pension Code sets the benefit provisions of the IMRF, which can only be amended by the Illinois General Assembly.

Each employer participating in the IMRF, including the Town, has an employer reserve account with the IMRF (defined above as the IMRF Pension Fund) separate and distinct from all other participating employers along with a unique employer contribution rate determined by the IMRF Board, as described below. The employees of a participating employer receive benefits solely from such employer's IMRF Pension Plan. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be viewed at the IMRF's website as follows: [http://www.imrf.org/pubs/annual\\_reports/annual\\_rpts.htm](http://www.imrf.org/pubs/annual_reports/annual_rpts.htm).

#### *Actuarial Assumptions*

The IMRF Board of Trustees (the "*IMRF Board*") makes contribution decisions on the basis of the actuarial valuation prepared by the Actuary. The Actuary employs certain actuarial methods and assumptions regarding future activity in specific risk areas, including investment return, payroll growth and retiree longevity, to make determinations regarding the future liability of the IMRF to pay benefits and, as a result, to determine the amount that must be contributed in the current year to provide for payment of those benefits in the future. The assumptions and the methods used by the IMRF comply with the requirements of the Governmental Accounting Standards Board.

The IMRF Board adopts its assumptions after considering the advice of the Actuary. At present, the Actuary uses the following assumptions, among others, in generating the actuarial valuation for the IMRF: (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% per 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.

Actuarial assumptions that vary widely from pension plan experience may have the effect of causing over or under contributions by participating employers to their respective IMRF accounts. To ensure accurate actuarial assumptions, the Actuary conducts an experience study, which is a comparison of the actual experience of the IMRF to the assumptions previously used by the Actuary, every three years and makes recommendations to the IMRF Board with respect to necessary changes to such assumptions.

See Note 7 to the Audit for additional information on the IMRF's actuarial methods and assumptions.

### *Contributions*

Both employers and employees contribute to the IMRF. At present, employees contribute 4.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by the IMRF Board. The Town's contribution rate for calendar year 2015 was 12.94% of covered payroll.

For the calendar years ended December 31, 2014 and December 31, 2015, the Town contributed the following amounts to IMRF:

CALENDAR YEAR ENDED DECEMBER 31		IMRF CONTRIBUTIONS
2014		\$2,020,269
2015		2,069,286

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Source: The Audit.

### *Measures of Financial Position*

The following table presents the measures of the IMRF Account's financial position as of December 31, 2015, which is presented pursuant to the New GASB Standards. Such measures were calculated pursuant to the current Discount Rate of 7.47%.

CALENDAR YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY
2015	\$87,299,314	\$70,938,988	\$16,360,326	81.46%

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Source: The Audit.

Please see Note 7 to the Audit, and the related required supplementary information disclosures, for a description of the IMRF, the IMRF Account, the Town's funding policy, the funded status and funding progress of the IMRF Account, and information on the assumptions and methods used by the Actuary.

#### POLICE PENSION FUND

The Town provides pension benefits to its sworn police personnel through the single-employer, defined-benefit Police Pension Fund. The defined benefit levels and the employee and employer contribution levels are governed by the Pension Code and may only be amended by the General Assembly. As of March 31, 2016, the Police Pension Fund had a membership of 133. Information regarding participation in the Police Pension Fund is set forth in Note 7 to the Audit.

Police Pension Fund members are required to contribute 9.91% of their annual salary to the Police Pension Fund. Beginning on January 1, 2011, the Pension Code provides that the Town must make such contributions necessary to bring the Police Pension Fund to a Funded Ratio of 90% by 2040. This funding level is being achieved by amortizing the UAAL as a level percentage of payroll on a closed basis. As of April 1, 2016, the remaining amortization period was 24 years. Information regarding the actuarial methods and assumptions utilized with respect to the Police Pension fund are set forth in Note 7 to the Audit.

Prior to January 1, 2011, the Town contributed to the Police Pension Fund pursuant to the previous Pension Code provisions which required the Town to contribute annually the amounts necessary to reach a Funded Ratio of 100% by 2033. At the time the Pension Code was amended to require the Town to contribute the amounts necessary to reach a Funded Ratio of 90% by 2040, the Town adopted a new funding policy for the Police Pension Fund pursuant to which the Town adopted the new funding target year of 2040 but retained its former Funded Ratio target of 100%. The Town continues to fund the Police Pension Plan pursuant to this policy

Additionally, the Town annually reviews the actuarial assumptions used to create the contribution. As a result of such reviews, the Town lowered its investment rate of return assumption from 7.5% to 7.0% in 2012 and again to 6.75% in 2013. Such decreases in the investment rate of return had the effect of increasing the Police Pension Fund's Actuarial Accrued Liability and the Town's annual contribution to the Police Pension Fund. The decrease in the investment rate of return had the unanimous support of the Town Council.

The Town is considering changes to its pension funding policy to insure funding levels take a more positive path towards the Town's goal of 100% by 2040. This translates into more funding and contributions into the pension funds that will likely be driven by a further decrease in the investment earnings assumption used in the actuarial valuations.

For the fiscal years ended March 31, 2015 and March 31, 2016, the Town contributed the following amounts to the Police Pension Fund:

FISCAL YEAR ENDED MARCH 31	CONTRIBUTIONS
2015	\$1,660,621
2016	1,739,249

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Source: The Audit.

### *Measures of Financial Position*

The following table presents the measures of the Police Pension Fund's financial position as of March 31, 2015 and March 31, 2016, which are presented pursuant to the New GASB Standards. Such measures were calculated pursuant to the current Discount Rate of 6.75%.

FISCAL YEAR ENDED MARCH 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY
2015	\$57,985	\$32,131	\$25,854	55.41%
2016	61,399	31,606	29,793	51.48%

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Source: The Audit.

### **FIREFIGHTERS' PENSION FUND**

The Town provides pension benefits to its sworn firefighter personnel through the single-employer, defined-benefit Firefighters' Pension Fund. The defined benefit levels and the employee and employer contribution levels are governed by the Pension Code and may only be amended by the General Assembly. As of March 31, 2016, the Firefighters' Pension Fund had a membership of 108. Information regarding participation in the Firefighters' Pension Fund is set forth in Note 7 to the Audit.

Firefighters' Pension Fund members are required to contribute 9.45% of their annual salary to the Firefighters' Pension Fund. The Pension Code provides that the Town must make such contributions necessary to bring the Firefighters' Pension Fund to a Funded Ratio of 90% by 2040. This funding level is being achieved by amortizing the UAAL as a level percentage of payroll on a closed basis. As of April 1, 2016, the remaining amortization period was 24 years. Information regarding the actuarial methods and assumptions utilized with respect to the Firefighters' Pension fund are set forth in Note 6 to the Audit.

Prior to January 1, 2011, the Town contributed to the Firefighters' Pension Fund pursuant to the previous Pension Code provisions which required the Town to contribute annually the amounts necessary to reach a Funded Ratio of 100% by 2033. At the time the Pension Code was

amended to require the Town to contribute the amounts necessary to reach a Funded Ratio of 90% by 2040, the Town adopted a new funding policy for the Firefighters' Pension Fund pursuant to which the Town adopted the new funding target year of 2040 but retained its former Funded Ratio target of 100%. The Town continues to fund the Firefighters' Pension Plan pursuant to this policy

Additionally, the Town annually reviews the actuarial assumptions used to create the contribution. As a result of such reviews, the Town lowered its investment rate of return assumption from 7.5% to 7.0% in 2012 and again to 6.75% in 2013. Such decreases in the investment rate of return had the effect of increasing the Firefighters' Pension Fund's Actuarial Accrued Liability and the Town's annual contribution to the Firefighters' Pension Fund. The decrease in the investment rate of return had the unanimous support of the Town Council.

The Town presently has no plans to change its funding policy and continues to support the recommendations of its actuaries with respect to its pension plan assumptions.

For the fiscal years ended March 31, 2015 and March 31, 2016, the Town contributed the following amounts to the Firefighters' Pension Fund:

FISCAL YEAR ENDED MARCH 31	CONTRIBUTIONS
2015	\$1,386,559
2016	1,528,405

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Source: The Audit.

### *Measures of Financial Position*

The following table presents the measures of the Firefighters' Pension Fund's financial position as of March 31, 2015 and March 31, 2016, which are presented pursuant to the New GASB Standards. Such measures were calculated pursuant to the current Discount Rate of 6.75%.

FISCAL YEAR ENDED MARCH 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY
2015	\$49,022	\$27,970	\$21,052	57.06%
2016	50,279	27,673	22,606	55.04%

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Source: The Audit.

## **OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing the pension benefits described above, the Town provides post-employment healthcare benefits (“*OPEB*”) for retired employees through a single-employer, defined benefit plan (the “*OPEB Plan*”). The benefits, benefit levels, employee contributions and employer contributions are governed by the Town and can be amended by the Town through its personnel manual and union contracts. The OPEB benefits consist of continued medical and prescription drug coverage at the active employee rate for all eligible employees in accordance with Illinois law, which creates an implicit subsidy of retiree medical and prescription drug coverage. As of April 1, 2015, the OPEB Plan had a membership of 322. The most recent actuarial valuation for the OPEB Plan was conducted as of April 1, 2015. For additional information regarding the OPEB Plan, see Note 6 to the Audit.

The Town does not currently fund the cost of benefits due under the OPEB Plan in advance of the payment of such expenses. Active employees do not contribute to the OPEB Plan until retirement. Retirees contribute 100% of the blended retiree and/or spouse rate under the age of 55 (50 for police and fire retirees), 50% of the blended retiree rate for retirees age 55 to 64 (50 to 64 for police and fire retirees), and 80% of the blended spouse rate for spouses age 55 to 64 (50 to 64 for police and fire spouses). All retiree and spouse contributions are reduced by actual Medicare premium payments upon attainment of age 65.

The Town funds the OPEB Plan on a pay-as-you-go basis. Pay-as-you-go funding refers to the fact that assets are not accumulated or dedicated to fund these obligations. Instead, the Town contributes the amount necessary to fund its share of the current year costs of providing such benefits. For the fiscal years ended March 31, 2014, March 31, 2015, and March 31, 2016, the Town contributed \$333,652, \$403,414 and \$460,913, respectively. As of the most recent actuarial valuation (April 1, 2015), the Town’s actuarial accrued liability was \$38,292,753, all of which was unfunded.

For additional information on the Town’s post-employment benefits other than pensions, see Note 6 and the required supplementary information to the Audit.

## **BOND RATINGS**

Fitch has assigned the Bonds a rating of “AAA” (Stable Outlook), and Moody’s has assigned the Bonds a rating of “Aa1.” These ratings reflect only the views of such organizations and any explanation of the significance of such ratings may only be obtained from the respective rating agency. Certain information concerning the Bonds and the Town not included in this Official Statement may have been furnished to Fitch and Moody’s by the Town. There is no assurance that the ratings will be maintained for any given period of time or that it may not be changed by Fitch or Moody’s if, in such rating agency’s judgment, circumstances so warrant. Any downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Except as may be required by the Undertaking described below under the heading “CONTINUING DISCLOSURE,” neither the Town nor the Underwriter undertakes responsibility to

bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the ratings or to oppose any such revision or withdrawal.

### **TAX EXEMPTION**

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Town has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Town's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Town with respect to certain material facts within the Town's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "*Code*"), includes provisions for an alternative minimum tax ("*AMT*") for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("*AMTI*"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "*Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a



maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Town complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the “*Revised Issue Price*”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a

manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Town as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Subject to the Town's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial

institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

### **CONTINUING DISCLOSURE**

The Town will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “*MSRB*”) pursuant to the requirements of the Rule. No person, other than the Town, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth below in “THE UNDERTAKING.”

There have been no instances in the previous five years in which the Town failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the Town to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The Town must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

### **THE UNDERTAKING**

The following is a brief summary of certain provisions of the Undertaking of the Town and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the Town.

#### **ANNUAL FINANCIAL INFORMATION DISCLOSURE**

The Town covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. At present, such dissemination is made through the MSRB’s Electronic Municipal Market Access system, referred to as EMMA (“*EMMA*”). The Town is required to deliver such information within 210 days after the last day of the Town’s fiscal year (currently March 31), beginning with the fiscal year ending March 31, 2017. If Audited Financial Statements are not available when the Financial Information is filed, the Town will submit Audited Financial Statements to EMMA within 30 days after availability to the Town. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

*“Annual Financial Information”* means information of the type contained in the following headings, subheadings and exhibits of the Final Official Statement:

FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS

- Direct General Obligation Bonded Debt (Principal Only)
- Composition of Equalized Assessed Valuation
- Trend of Equalized Assessed Valuation
- Taxes Extended and Collected
- Town Tax Rates by Purpose

*“Audited Financial Statements”* means the combined financial statements of the Town prepared in accordance with accounting principles generally accepted in the United States of America.

REPORTABLE EVENTS DISCLOSURE

The Town covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission or the State at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The *“Events”* are:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- Modifications to the rights of security holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material

- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the Town\*
- The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material

#### CONSEQUENCES OF FAILURE OF THE TOWN TO PROVIDE INFORMATION

The Town shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the Town to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order to cause the Town to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the Town to comply with the Undertaking shall be an action to compel performance.

#### AMENDMENT; WAIVER

Notwithstanding any other provision of the Undertaking, the Town by resolution authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Town, or type of business conducted; or
- (ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Town (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the Town shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

#### TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the Town shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The Town shall give notice to the MSRB in a timely manner if this paragraph is applicable.

#### ADDITIONAL INFORMATION

Nothing in the Undertaking shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the Town chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the Town shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

#### DISSEMINATION OF INFORMATION; DISSEMINATION AGENT

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through EMMA for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent is the Town's Finance Director: Andrew Huhn, 11 Uptown Circle, Normal, Illinois 61761; phone: (309) 454-9742.

## **AUDITED FINANCIAL STATEMENTS**

The audited financial statements of the Town for the fiscal year ended March 31, 2016 (the “*Audit*”), contained in Appendix A, including the independent auditor’s report accompanying the Audit, have been prepared by CliftonLarsonAllen, LLP, Champaign, Illinois (the “*Auditor*”), and approved by formal action of the Council. The Town has not requested the Auditor to update information contained in the Audit nor has the Town requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the Town since the date of the Audit. Specific questions or inquiries relating to the financial information of the Town since the date of the Audit should be directed to the Town’s Finance Director.

## **BOOK-ENTRY ONLY SYSTEM**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has an S&P Global Ratings rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at [\*\*www.dtcc.com\*\*](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC.



DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Town or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the Town takes no responsibility for the accuracy thereof.

The Town will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (c) the delivery of any notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the Securities Depository or any Participant.

#### **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Hart, Southworth & Witsman, Springfield, Illinois, as Bond Counsel (the "*Bond Counsel*") who has been retained by, and acts as, Bond Counsel to the Town. Bond Counsel has reviewed the statements in this Official Statement appearing under the headings "THE BONDS" and "TAX EXEMPTION", and is of the opinion that the statements contained under such headings are accurate statements or summaries of the matters set forth therein insofar as such statements purport to summarize the terms of the Bonds or the Bond Ordinance or the tax-exempt status of the interest on the Bonds. Except for the foregoing, however, Bond Counsel has not independently verified the accuracy or completeness of statements and information contained in this Official Statement and does not assume any

responsibility for the accuracy or completeness of such statements and information. Additionally, certain legal matters will be passed on for the Town by its counsel, Brian Day, Esq., Normal, Illinois.

Chapman and Cutler has also been retained by the Underwriter to serve as Underwriter's Counsel with respect to the Bonds. Although as Underwriter's Counsel, Chapman and Cutler has assisted the Underwriter with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler's engagement as Underwriter's Counsel was undertaken solely at the request and for the benefit of the Underwriter, to assist it in discharging its responsibility with respect to the Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor.

#### **NO LITIGATION**

No litigation is now pending or threatened restraining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or any proceedings of the Town taken with respect to the issuance or sale thereof. A certificate to this effect will be delivered by the Town with the other customary closing papers when the Bonds are delivered.

#### **UNDERWRITING**

Pursuant to the terms of a Bond Purchase Agreement (the "*Agreement*") between the Town and Mesirow Financial, Inc., Chicago, Illinois (the "*Underwriter*"), the Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$9,844,258.55. The purchase price will produce an underwriting spread of 0.595% of principal amount if all Bonds are sold at the initial offering prices. The Agreement provides that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts, accounts or funds) and others at prices different than the initial public offering price. After the initial public offering, the public offering price of the Bonds may be changed from time to time by the Underwriter.

### **AUTHORIZATION**

This Official Statement has been approved by the Town for distribution to prospective purchasers of the Bonds. The Council, acting through authorized officers, will provide to the Underwriter at the time of delivery of the Bonds, a certificate confirming that, to the best of its knowledge and belief, this Official Statement with respect to the Bonds, together with any supplements thereto, at the time of the adoption of the Bond Ordinance, and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

/s/ Andrew Huhn

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Director of Finance

Town of Normal, McLean County, Illinois

February 14, 2017

## EXHIBITS

Exhibits A and B show the Town's recent financial history. Exhibit C provides information on the Town's 2017 budget. Exhibit D provides information on the general fund revenue sources of the Town.

### EXHIBIT A-1— STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES, FISCAL YEARS ENDED MARCH 31, 2012-2016

	2012	2013	2014	2015	2016
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 32,380,140	\$33,867,938	\$ 34,976,816	\$ 39,791,877	\$ 50,073,136
Receivables - Net of Allowances	14,515,654	11,782,443	12,055,895	12,335,012	14,447,094
Due from other Governmental Agencies	6,002,112	6,118,425	5,480,909	5,820,885	7,192,183
Inventories	68,704	82,447	84,073	59,520	48,291
Prepaid Items	83,485	125,570	150,807	130,578	128,217
<b>Total Current Assets</b>	<b>\$ 53,050,095</b>	<b>\$51,976,823</b>	<b>\$ 52,748,500</b>	<b>\$ 58,137,872</b>	<b>\$ 71,888,921</b>
<b>Non-Current Assets:</b>					
Receivables Non-Current	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Pension Asset	2,751,126	2,804,599	2,338,789	2,171,961	\$ 0
<b>Total Non-Current Assets</b>	<b>\$ 2,751,126</b>	<b>\$ 2,804,599</b>	<b>\$ 2,338,789</b>	<b>\$ 2,171,961</b>	<b>\$ 0</b>
<b>Capital Assets:</b>					
Land	\$ 35,727,467	\$ 35,689,461	\$ 35,828,030	\$ 35,654,904	\$ 36,628,309
Construction in Progress	29,328,401	1,336,688	1,497,404	3,027,159	2,502,904
Property and Equipment, Net	55,859,710	85,722,056	84,165,476	82,433,858	78,999,847
Infrastructure, Net	33,533,685	32,824,552	31,038,690	31,758,102	34,253,643
<b>Total Capital Assets</b>	<b>\$154,449,263</b>	<b>\$155,572,757</b>	<b>\$152,529,600</b>	<b>\$152,874,023</b>	<b>\$152,384,703</b>
<b>Deferred Outflows</b>	<b>\$914,787</b>	<b>\$ 908,112</b>	<b>\$1,171,413</b>	<b>\$ 1,093,268</b>	<b>\$ 8,931,890</b>
<b>TOTAL CURRENT ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$211,165,271</b>	<b>\$211,262,291</b>	<b>\$208,788,302</b>	<b>\$214,277,124</b>	<b>\$233,205,512</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Accounts and Contracts Payable	\$ 5,574,342	\$ 4,103,609	\$ 2,558,997	\$ 2,630,309	\$ 2,368,796
Interest Payable	1,388,758	1,328,488	1,276,031	1,345,134	1,193,264
Accrued Liabilities	802,721	1,212,574	1,141,471	1,343,011	1,614,982
Unearned Revenue and Deferred Inflows	8,808,885	7,616,326	8,510,795	10,258,897	12,559,108
Compensated Absences	1,372,017	1,462,469	1,375,283	1,417,410	1,490,166
G.O. Bond Payable, Current	969,432	1,198,282	1,195,296	1,641,359	1,520,111
SSA Bond Payable, Current	280,000	320,000	365,000	400,000	455,000
<b>Total Current Liabilities</b>	<b>\$ 19,196,155</b>	<b>\$ 17,241,748</b>	<b>\$ 16,422,873</b>	<b>\$ 19,036,120</b>	<b>\$ 21,201,427</b>
<b>Non-Current Liabilities:</b>					
Compensated Absences, Non-Current	\$ 474,972	\$ 583,467	\$ 592,092	\$ 495,583	\$ 535,326
Net Pension Obligation - IL Mun. Ret.	167,786	171,375	175,041	178,785	12,129,951
Pension Obligation - Police and Fire	0	0	0	0	52,398,845 <sup>(1)</sup>
G.O. Bond Payable	72,672,329	71,725,665	71,663,823	79,829,309	87,798,264
SSA Bond Payable	4,870,000	4,550,000	4,185,000	3,785,000	3,330,000
Other Postemployment Benefits, Due Beyond One Year	5,310,320	7,175,981	9,388,660	11,516,023	13,933,839
<b>Total Non-Current Liabilities</b>	<b>\$ 83,495,407</b>	<b>\$ 84,206,488</b>	<b>\$ 86,004,616</b>	<b>\$ 95,804,700</b>	<b>\$170,126,225</b>
<b>TOTAL LIABILITIES</b>	<b>\$102,691,562</b>	<b>\$101,448,236</b>	<b>\$102,427,489</b>	<b>\$114,840,820</b>	<b>\$191,327,652</b>
<b>NET ASSETS:</b>					
Invested in Capital Assets, Net of Related Debt	\$85,153,798	\$ 83,885,157	\$ 78,221,943	\$ 70,920,626	\$ 73,630,486
Restricted	10,306,135	8,080,907	9,102,259	9,862,236	7,679,593
Unrestricted	13,013,776	17,847,991	19,036,611	18,653,442	(39,432,217)
<b>TOTAL NET POSITION</b>	<b>\$108,473,709</b>	<b>\$109,814,055</b>	<b>\$106,360,813</b>	<b>\$ 99,436,304</b>	<b>\$ 41,877,862</b>

Source: The Town's Comprehensive Annual Financial Reports for the fiscal years ended March 31, 2012-2016.

- (1) The Town adopted a new accounting standard to conform with generally accepted accounting principles. The statement adopted requiring restatement of net position was Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions and Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. These pronouncements require the restatement of the March 31, 2016, net position of the governmental activities.

**EXHIBIT A-2—STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES,  
FISCAL YEARS ENDED MARCH 31, 2012-2016**

	2012	2013	2014	2015	2016
<b>GOVERNMENT ACTIVITIES/EXPENSES:</b>					
General Government	\$ (8,479,735)	\$ 2,217,669	\$ 8,814,054	\$ 8,417,303	\$ 9,639,176
Public Safety	15,587,133	15,771,054	17,413,684	18,160,175	22,019,289
Highways and Streets	5,892,511	2,073,826	6,369,134	4,103,695	4,410,266
Sanitation	1,333,119	871,202	906,279	1,035,596	(242,657)
Culture and Recreation	5,312,679	6,017,719	6,085,107	6,197,125	6,382,816
Community Development	4,528,992	13,892,556	5,744,734	12,761,040	6,332,562
Interest on Long-Term Debt	3,858,824	3,838,297	3,588,490	3,610,209	3,787,430
<b>TOTAL GOVERNMENT ACTIVITIES/EXPENSES</b>	<b>\$ 28,033,523</b>	<b>\$ 44,682,323</b>	<b>\$ 48,921,482</b>	<b>\$ 54,285,143</b>	<b>\$52,814,196</b>
<b>GENERAL REVENUES:</b>					
Taxes:					
Property	\$ 7,989,167	\$ 8,287,779	\$ 8,263,883	\$ 9,465,249	\$ 9,891,268
Franchise	864,140	936,994	960,736	954,916	1,096,326
Sales	16,819,443	17,625,488	17,409,756	17,995,481	19,460,114
Income	5,024,407	5,563,405	6,034,887	6,201,948	6,806,574
Utility	4,761,594	4,859,239	4,842,617	4,629,133	4,414,624
Other	5,103,731	5,425,280	5,505,769	5,443,720	6,517,524
Grants and Contributions	0	0	0	0	0
Investment Income (Loss)	158,778	165,002	185,233	(129,320)	382,685
Miscellaneous	3,264,621	2,746,385	3,173,471	2,609,760	3,601,910
Sale of Land	0	413,097	0	189,747	0
Transfers	0	0	0	0	0
<b>TOTAL GENERAL REVENUES</b>	<b>\$ 43,985,881</b>	<b>\$ 46,022,669</b>	<b>\$ 46,376,352</b>	<b>\$ 47,360,634</b>	<b>\$ 52,171,025</b>
Change in Net Assets	\$ 15,952,358	\$ 1,340,346	\$ (2,545,130)	\$ (6,924,509)	\$ (643,171)
Net Assets, Beginning	92,521,351	108,473,709	109,814,055	106,360,813	99,436,304
Restatement	0	0	(908,112) <sup>(1)</sup>	0	(56,915,271) <sup>(2)</sup>
<b>Net Assets, Ending</b>	<b>\$108,473,709</b>	<b>\$109,814,055</b>	<b>\$106,360,813</b>	<b>\$ 99,436,304</b>	<b>\$ 41,877,862</b>

Source: The Town's Comprehensive Annual Financial Reports for the fiscal years ended March 31, 2012-2016.

- (1) The Town adopted a new accounting standard to conform with generally accepted accounting principles. The statement adopted, requiring restatement of net position, was Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*. With the implementation of the new GASB pronouncement, assets related to bond issuance costs that were previously being amortized are now being expensed.
- (2) The Town adopted a new accounting standard to conform with generally accepted accounting principles. The statement adopted requiring restatement of net position was Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These pronouncements require the restatement of the March 31, 2016, net position of the governmental activities

**EXHIBIT B-1—BALANCE SHEET - GENERAL FUND,  
FISCAL YEARS ENDED MARCH 31, 2012-2016**

ASSETS:	2012	2013	2014	2015	2016
Cash and Investments	\$17,049,026	\$20,370,214	\$20,015,624	\$19,232,210	\$21,580,196
Receivables, Net of Allowances:					
Property Taxes	6,435,000	6,267,000	7,333,000	7,588,000	7,741,000
Local Taxes	1,391,844	1,289,053	1,274,564	1,268,015	1,317,161
Other	1,188,551	1,392,044	1,841,900	1,020,710	2,074,969
Due From Other Governments	6,002,112	6,118,425	5,480,909	5,820,885	7,192,183
Due from Other Funds	3,945	0	0	0	0
Inventories	68,704	82,447	84,073	59,520	48,291
Prepaid Items	83,485	125,570	150,807	130,578	128,217
<b>TOTAL ASSETS</b>	<b>\$32,222,667</b>	<b>\$35,644,753</b>	<b>\$36,180,877</b>	<b>\$35,119,918</b>	<b>\$40,082,017</b>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts and Contracts Payable	\$ 1,804,247	\$ 1,890,445	\$ 2,307,247	\$ 2,024,199	\$1,943,955
Accrued Liabilities	586,982	639,566	877,830	1,034,457	1,303,141
Unearned Revenue and Deferred Inflows	7,013,418	6,550,909	7,614,766	7,964,178	8,364,71
<b>Total Liabilities</b>	<b>\$ 9,404,647</b>	<b>\$ 9,080,920</b>	<b>\$ 10,799,843</b>	<b>\$11,022,834</b>	<b>\$11,611,814</b>
Fund Balances:					
Reserved	\$ 243,869	\$ 1,039,983	\$ 581,530	\$ 417,912	\$ 754,934
Unreserved	22,574,151	25,523,850	24,799,504	23,679,172	27,715,269
<b>Total Fund Balance</b>	<b>\$22,818,020</b>	<b>\$26,563,833</b>	<b>\$25,381,034</b>	<b>\$24,097,084</b>	<b>\$28,470,203</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$32,222,667</b>	<b>\$35,644,753</b>	<b>\$36,180,877</b>	<b>\$35,119,918</b>	<b>\$40,082,017</b>

Source: The Town's Comprehensive Annual Financial Reports for the fiscal years ended March 31, 2012-2016.

**EXHIBIT B-2—STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GENERAL FUND, FISCAL YEARS ENDED MARCH 31, 2012-2016**

	2012	2013	2014	2015	2016
<b>REVENUES:</b>					
Taxes	\$25,679,625	\$26,465,455	\$26,218,381	\$27,210,566	\$29,931,924
Licenses and Permits	690,217	663,707	691,003	690,665	666,875
Intergovernmental	13,412,220	14,418,188	14,830,890	15,397,992	15,978,560
Charges for Services	8,049,052	8,366,960	8,853,481	8,706,414	9,797,703
Fines and Fees	1,984,195	1,806,754	1,994,749	1,686,863	1,699,349
Investment Income	50,786	56,690	66,785	(253,216)	181,158
Miscellaneous	2,164,932	2,618,711	2,417,654	2,475,697	2,922,106
<b>Total Revenues</b>	<b>\$52,031,027</b>	<b>\$54,396,465</b>	<b>\$55,072,943</b>	<b>\$55,914,981</b>	<b>\$61,177,675</b>
<b>EXPENDITURES:</b>					
<b>Current Operating:</b>					
General Government	\$ 7,163,900	\$7,887,855	\$8,516,399	\$9,358,059	\$10,344,684
Public Safety	19,085,344	19,247,936	21,106,397	21,274,112	22,349,003
Highways and Streets	4,193,462	4,860,022	5,462,490	6,091,238	4,903,068
Sanitation	2,395,238	3,633,978	2,666,584	2,371,722	2,015,567
Cultural and Recreation	7,931,079	7,977,803	8,817,795	8,675,161	8,570,210
Community Development	3,171,917	3,184,984	3,644,279	3,699,238	4,396,548
<b>Total Expenditures</b>	<b>\$43,940,940</b>	<b>\$46,792,578</b>	<b>\$50,213,944</b>	<b>\$51,469,530</b>	<b>\$52,579,080</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 8,090,087</b>	<b>\$7,603,887</b>	<b>\$4,858,999</b>	<b>\$4,445,451</b>	<b>\$8,598,595</b>
<b>Other Financing Sources (Uses):</b>					
Transfers From Other Funds	\$60,958	\$56,899	\$1,093	\$0	\$0
Transfers To Other Funds	(4,497,989)	(4,328,070)	(6,042,891)	(5,919,148)	(4,272,276)
Other	0	413,097	0	189,747	46,800
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (4,437,031)</b>	<b>\$(3,858,074)</b>	<b>\$(6,041,798)</b>	<b>\$(5,729,401)</b>	<b>\$(4,225,476)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>\$ 3,653,056</b>	<b>\$3,745,813</b>	<b>\$(1,182,799)</b>	<b>\$(1,283,950)</b>	<b>\$4,373,119</b>
<b>Fund Balance at Beginning of Year</b>	<b>16,469,139</b>	<b>22,818,020</b>	<b>26,563,833</b>	<b>25,381,034</b>	<b>24,097,084</b>
<b>Prior Period Adjustment</b>	<b>2,695,825</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance at End of Year</b>	<b>\$ 22,818,020</b>	<b>\$26,563,833</b>	<b>\$25,381,034</b>	<b>\$24,097,084</b>	<b>\$28,470,203</b>

Source: The Town's Comprehensive Annual Financial Reports for the fiscal years ended March 31, 2012-2016.

**EXHIBIT C—SUMMARY OF BUDGETED APPROPRIATIONS - GENERAL FUND**  
**FISCAL YEAR ENDING MARCH 31, 2017**

	2017
Revenues:	
Taxes	\$ 35,926,400
Licenses and Permits	655,500
Intergovernmental	16,596,100
Charges for Services	10,530,612
Fines	360,000
Investment Income	102,000
Miscellaneous	<u>2,212,039</u>
Total Revenues	<u>\$ 66,382,651</u>
Expenditures:	
General Government	\$ 17,520,732
Public Safety	18,814,597
Public Works	6,902,550
Cultural and Recreation	<u>9,203,879</u>
Total Expenditures	<u>\$ 52,441,758</u>
Revenues Over (Under) Expenditures	\$ 13,940,893
Transfers In	1,035,700
Transfers Out	<u>(14,929,115)</u>
Surplus	\$ 47,478

Source: The Town's Budget for the fiscal year ending March 31, 2017.



**EXHIBIT D—GENERAL FUND REVENUE SOURCES**  
**FISCAL YEAR ENDED MARCH 31, 2016**

	FY 2016 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM FY 2015
Revenues:			
Taxes	\$29,931,924	48.93%	\$2,721,358
Licenses and Permits	666,875	1.09%	(23,790)
Intergovernmental	15,978,560	26.12%	580,568
Charges for Services	9,797,703	16.02%	1,091,289
Fines and Fees	1,699,349	2.78%	12,486
Investment Income	181,158	0.30%	434,374
Miscellaneous	<u>2,922,106</u>	<u>4.78%</u>	<u>446,409</u>
Total Revenues	\$61,177,675	100.00%	\$5,262,694

Source: The Town's Comprehensive Annual Financial Report for the fiscal year ended March 31, 2016.

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE  
TOWN FOR THE FISCAL YEAR ENDED MARCH 31, 2016**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR  
APRIL 1, 2015 TO MARCH 31, 2016**

*Prepared by:  
Town of Normal Finance Department  
11 Uptown Circle • Normal, Illinois 61761*

*www.normal.org*

**TOWN OF NORMAL, ILLINOIS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR**  
**April 1, 2015 to March 31, 2016**

Prepared by:

Town of Normal  
Finance Department  
[www.normal.org](http://www.normal.org)

# TOWN OF NORMAL, ILLINOIS

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**TOWN OF NORMAL, ILLINOIS**

[www.normal.org](http://www.normal.org)

A Home Rule City  
Council/Manager - Form of Government

*CITY COUNCIL*

Mayor, Christopher C. Koos

*COUNCIL MEMBERS*

R.C. McBride	Kevin McCarthy
Cheryl Gaines	Jeffrey Fritzen
Scott Preston	Kathleen Lorenz

*CITY MANAGER*

Mark R. Peterson

*DEPUTY CITY MANAGER*

Pamela S. Reece

*ASSISTANT CITY MANAGER*

Sally Heffernan

*DEPARTMENT DIRECTORS*

Building and Safety	Greg Troemel
Engineering	Gene Brown
Corporation Counsel	Brian Day
Finance	Andrew Huhn
Fire	Michael Humer
Information Technology	Teri Legner
Library	Brian Chase
Parks & Recreation	Vacant
Police	Richard Bleichner
Public Works	Wayne Aldrich
Town Clerk	Wendellyn Briggs
Water	Steven Gerdes
Facilities Management	Mark Clinch



# **Town of Normal Organization Chart**

## **January, 2015**

**Citizens of Normal**

**Mayor and Council**

**Boards and  
Commissions**

**Liquor  
Commission**

**City Manager**

**Communications**

**Facilities &  
Energy Mgt.**

**Human  
Resources**

**Deputy City  
Manager**

**Assistant  
City Manager**

**Uptown  
Renewal**

**Planning**

**Finance**

**Parks &  
Rec.**

**Inform.  
Tech.**

**Clerk**

**Public  
Works**

**Fire**

**Police**

**Water**

**Legal**

**Engineer-  
ing**

**Inspec-  
tions**

**Library**



August 24, 2016

Honorable Mayor and Town Council  
Town of Normal  
Normal, Illinois

Dear Mayor and Council:

The Comprehensive Annual Financial Report of the Town of Normal for the fiscal year ending March 31, 2016, is submitted herewith. This report is a comprehensive and detailed picture of the Town's financial transactions during the 2015-16 fiscal year and the financial condition of the various funds as of March 31, 2016. This report was prepared by the Town's Finance Department. Responsibility for both the accuracy of the presented data and the fairness of the presentation, including all disclosures, rests with the Town. The organization and content of this report follows the standards for annual financial reporting promulgated by the Governmental Accounting Standards Board (GASB). We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the Town's financial position and results of operations as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Town's financial condition have been included.

The Town's management has established a system of internal controls that is designed to help assure that the assets of the Town are safeguarded against loss, theft, or misuse. The system of internal controls also helps assure that the accounting system compiles reliable financial data for the preparation of the Town's financial statements. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that evaluation of the costs and benefits require estimates and judgments by management.

The Town of Normal financial statements have been audited by CliftonLarsonAllen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended March 31, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended March 31, 2016, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Report is divided into three main sections:

- Introduction:** Provides an overview of the Town's operations. This section also discusses fiscal trends and gives some basic financial information.
- Financial:** The financial statements of the Town in accordance with requirements established by the GASB for the year ended March 31, 2016.
- Statistical:** Ten-year trend information and other vital facts about the Town of Normal.

## **THE ACCOUNTING SYSTEM, BUDGETING & LONG-TERM PLANNING**

**Accounting System:** The accounts of the Town are organized on a basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Town's accounting records are generally maintained on the modified accrual basis of accounting. Under this basis, revenues are recorded when measurable and available to liquidate obligations of the current period and expenditures are recorded when a liability is incurred that is expected to draw upon current financial resources. The modified accrual accounting records are the basis for assessing budgetary compliance. In order to comply with generally accepted accounting standards, the Town will make certain adjustments to its annual financial statements to permit the preparation of certain statements on the accrual basis. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

**Budgeting Process:** The Town's budget development process starts in July with the distribution of the annual budget calendar, instructions and forms to department heads. Department heads must submit their budget requests to the Finance Department in September. During October, the Budget Committee, consisting of the City Manager, Deputy City Manager, Assistant City Manager, Finance Director and Finance Manager meet with each department head to review their budget requests. In November and December the budget is balanced and compiled for a review by Council and Town management. This review is performed at a Council work session during January and is open to the public. The budget is finalized in February and the Council adopts the budget in March.

**Budget Authority and Control:** The Town adopts a legally binding annual budget in accordance with Chapter 65 of the Illinois Compiled Statutes. State law requires that a municipality operating under the budget system adopt its annual budget prior to the start of its fiscal year. Through the budget, spending authority is conveyed by expenditure object. Budgetary control is maintained by the use of encumbrance accounting under which purchase orders, contracts, and other commitments are effectively recorded as temporary expenditures in order to reserve the proper portion of the applicable budgetary account. The legal level of budgetary control is the department level or, where no departmental segregation of a fund exists, the fund level.

**Long-term Financial Planning:** Financial planning is a component of various activities described below:

#### Community Investment Plan (CIP)

The Community Investment Plan is a planning document that is intended to assist the Town Council in their prioritization of major capital investments that are projected to take place over a six-year period. The CIP includes detailed information on each planned capital expenditure that the Town has projected over a six-year period, including the current fiscal year. The information contained in this document assists the Town Council in their future decision-making responsibilities, and also serves as a valuable resource for the private sector as well as the general citizenry of Normal. The entire document can be found on the Town's web-site ([www.normal.org](http://www.normal.org)).

The CIP is prepared annually by Town staff and is presented to the Town Council for review, comment and approval in November of each year. For each project, staff lists the currently approved project timeline and cost, as well as any proposed changes for Council consideration. Each project sheet also includes a narrative description, projected operating budget impact and a staff priority rating. Priority 1 (critical) is assigned to projects that are believed to be critical or a top priority, priority 2 (important) identifies projects that should be completed with little deviation from the proposed year and finally, priority 3 (flexible) indicates that the project could be moved to a different year with little or no consequence.

#### 5-Year Budget

Staff produces a 5-year budget annually. Council will only approve the first (next) fiscal year for spending authority. The remaining 4 years are presented for long-term planning purposes.

#### Financial Trend and Condition Report

This document is presented to Council during the same meeting in which the audited Comprehensive Annual Financial Report is presented. It is intended to provide a historical perspective on a variety of issues that impact the financial condition of the Town. This report provides a glimpse into the financial stability of the Town, with particular emphasis on the General Fund. It is also intended to be used as a basis upon which future financial planning occurs.

**Fiscal Policies:** listed below are some of the significant fiscal policies listed in the annually adopted budget:

- The Town will estimate revenues and expenditures five years into the future with each annual budget.
- Expenditures budgeted will not endanger basic fund balances required to support services on an on-going basis.
- Operating expenditures will not be funded from non-recurring revenue sources.
- Long-term debt should be retired prior to the useful life of the project it funded, but not to exceed 35 years.
- The General Fund property tax levy will remain flat.
- The Town targets a General Fund reserve balance equal to 15% of expenditures and transfers.
- The Town additionally maintains several other financial targets for other operating funds and debt service levels.

### **PROFILE OF THE TOWN OF NORMAL**

Normal University, later renamed as Illinois State University, was founded and opened classes in 1857 in what was then known as North Bloomington. Steps were taken in 1865 to organize the Town under the name "Normal." The legislature of the State of Illinois granted a special Town Charter to Normal, Illinois.

The Secretary of State certified the Charter on the 4th day of March, 1867. Normal's ordinances were codified in 1969 and those ordinances are now known as the Municipal Code of the Town of Normal, Illinois, 1969, as amended. The Town of Normal operates under its original Charter to this day, subject only to legislative changes that are enacted from time to time.

The Town of Normal is located in McLean County, in the heart of Central Illinois. Normal is approximately 125 miles southwest of Chicago, 155 miles northeast of St. Louis and 64 miles northeast of the State Capital in Springfield. The Town's population of 52,497 was confirmed during the annual 2010 census. The City of Bloomington has a population of 76,610.

Interstates 74, 55, and 39 intersect in Bloomington-Normal as well as U.S. Routes 51 and 150 and State Route 9. In addition, three major railroad lines, as well as AMTRAK, converge in Bloomington-Normal. The Bloomington-Normal airport handles commercial, commuter corporate and private aircraft servicing the surrounding area. Normal is located in one of the most productive agricultural areas in the nation, but the economy is diverse and well balanced given major employer like State Farm and Country Financial, as well as two universities (Illinois State and Illinois Wesleyan), two community colleges (Heartland and Lincoln) and two hospitals (Advocate BroMenn and OSF St. Joseph) all located within Bloomington-Normal.

The Town operates under a Council-Manager form of government and provides a full range of services, including public safety, planning and zoning, highway and streets, parks and recreation, water and sewer and general government functions. For financial reporting purposes, the Town includes all funds, account groups, agencies, boards, commissions and authorities for which the

Town is considered to be financially accountable. Based on these criteria, the Normal Public Library will be included in the financial statements as a discretely presented component unit.

### **SIGNIFICANT LOCAL ECONOMIC EVENT**

The Town has been involved in a variety of projects throughout the year with the most significant project being the completion a 114 room Hyatt Place Hotel in Uptown Normal (phase I). This was a \$25 million project, of which the Town provided financial assistance of \$5.1 million. Phase II of this development includes a high-end restaurant and luxury residential housing. In addition to the Hyatt, the Town has seen continued growth in new restaurant establishments.

### **LOCAL ECONOMY**

Below are a few indicators that the Town monitors as part of our continual review of the economic environment.

**Unemployment Rate:** Over the last year, the job market and workforce in the Bloomington/Normal community has fluctuated, most notably due to the closure of the Mitsubishi Plant. However, the Town's unemployment rate at 5.8% as of March 2016 continues to remain one of the lowest in Central Illinois and well below the State's rate of 6.8%.

**Assessed Value:** In calendar year 2015, the Town's assessed value had a slight increase from the prior year. This was expected, as the housing market (since the 2008 recession) has continued to slowly recover. The assessed value for 2015 marks the first year the Town's total assessed value recovered to pre-recession levels. Similar to assessed values, the overall sales price for homes in the community continues to slowly increase. Home sales (Bloomington/Normal) also continue to increase slightly from last year's 2,632 to 2,780 in 2015.

**Sales and Income Tax Revenue:** The Town passed a 1% local sales tax increase (effective January 1, 2016) to help fund a variety of specific programs and capital projects vital to the community. Both State and Local sales tax (removing the impact of the rate increase) were essentially flat as compared to the prior fiscal year. Income tax saw a positive growth of 8.8% for the fiscal year ending March 2016.

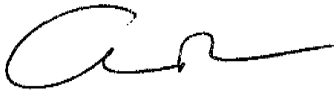
**Certificate of Achievement:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Normal, Illinois, for its comprehensive annual financial report for the fiscal year ending March 31, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for only a period of one year. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are

submitting it to the GFOA to determine its eligibility for another certification.

**Acknowledgments:** We wish to express our appreciation to the staff of the Finance Department for their assistance in the preparation of this report. We also wish to express our appreciation to the members of the Town Council, various boards, commissions and staff for their interest and support in conducting the financial operations of the Town in a sound and progressive manner.

Respectively submitted,

A handwritten signature in black ink, appearing to read 'A. Huhn', with a long horizontal stroke extending to the right.

Andrew J. Huhn  
Director of Finance

A handwritten signature in black ink, appearing to read 'Mark R. Peterson', with a long horizontal stroke extending to the right.

Mark R. Peterson  
City Manager





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Normal  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**March 31, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members  
of the Town Council  
Town of Normal, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Normal, Illinois (the "Town") as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Children's Discovery Museum Foundation discretely presented component unit which represents 6%, 18%, and 8% of the assets plus deferred outflows of resources, net position, and revenues, respectively, of the component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Children's Discovery Museum Foundation discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Children's Discovery Museum Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Library, a discretely presented component unit, the Children's Discovery Museum Foundation, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Normal as of March 31, 2016, 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.

### ***Emphasis of a Matter***

#### ***Change in Accounting Principle***

During fiscal year ended March 31, 2016, Town of Normal, Illinois, adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date*. As a result of the implementation of these standards, Town of Normal, Illinois, reported restatements for a change in accounting principle (see Note 18). Our opinions were not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedules of changes in employer's net pension liability and related ratios, schedules of funding progress, schedules of employer contributions, schedule of investment returns, and budgetary comparison information on pages 16-26 and 105-118 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 Town of Normal's basic financial statements. The combining and individual fund financial statements and schedules, the introductory section, and the statistical schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules listed in the table of contents 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, based on our audit, the procedures performed as described above, the combining and individual fund financial statements and schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables listed in the table of contents 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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2016 on our consideration of the Town of Normal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen, LLP**

Champaign, Illinois  
August 24, 2016

## **TOWN OF NORMAL, ILLINOIS**

### **MANAGEMENT'S DISCUSSIONS AND ANALYSIS**

**March 31, 2016**

As the management of the Town of Normal (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended March 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which may be found on pages 6 through 11 of this report.

#### **USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT**

The Town's financial statements present two kinds of statements, each with a different snapshot of the finances. The focus of the financial statement is on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Town's accountability.

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

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

The Statement of Net Position presents information on all of the Town's assets, liabilities, and deferred inflows of resources with the differences between the three 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 Town is improving or deteriorating.

The Statement of Activities presents information showing how the government'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 the cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g., earned but unused sick leave).

Both the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, culture and recreations, sanitation and community development. The business-type activities of the Town include the water and sewer systems as well as stormwater management.

The government-wide financial statements include not only the Town itself (known as the primary government), but also the Normal Public Library (the "Library"), and the Children's Discovery Museum Foundation. The Town is financially accountable for the Library, and the Children's Discovery Museum Foundation, but each have a separate governing Board. Because the Library, and the Children's Discovery Museum Foundation are component units, their financial information is reported separately from the financial information of the Town.

## **TOWN OF NORMAL ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The government-wide financial statements can be found on pages 27 through 30 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 Town can be categorized into one of the three types of funds: 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 fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 Town maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Fire Station Capital Investment Fund, Uptown TIF Fund, and 2016A Bond Fund which are considered to be "major" fund. Data from the other 20 governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 31 through 34 of this report.

**Proprietary Funds:** The Town maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer operations as well as the storm water activity. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for the costs of health insurance. Since the Town's costs for these items relate primarily to governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Storm Water Management Funds, which are considered to be major funds of the Town. Conversely, the internal service fund is a single fund presentation in the proprietary fund financial statements.

## **TOWN OF NORMAL ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The basic proprietary fund financial statements can be found on pages 35 through 38 of this report.

***Fiduciary Funds:*** Fiduciary funds are used to account for resources held for the benefit of parties outside of 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 Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town maintains two fiduciary funds, the Police Pension and the Firefighters' Pension Funds.

The basic fiduciary fund financial statements can be found on pages 39 through 40 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 through 103 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide benefits to its employees and budget to actual information for the General Fund and major Special Revenue Funds. Required supplementary information can be found on pages 105 through 118 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, and the internal service fund is presented immediately following the required supplementary information on pensions and budget to actual information. Combining and individual fund statements and schedules can be found on pages 119 through 140 of this report.

**TOWN OF NORMAL ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Financial Analysis of the Town as a Whole**

**Table 1  
Government-Wide Statements  
Net Position**

The following table reflects the condensed Statement of Net Position.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current & Other Assets	\$71,888,921	\$60,309,833	\$18,256,082	\$17,741,221	\$90,145,003	\$78,051,054
Capital Assets	152,384,703	152,874,023	38,205,687	36,757,805	190,590,390	189,631,828
Deferred Outflows	8,931,890	1,093,268	830,691	-	9,762,581	1,093,268
<b>Total Assets &amp; Deferred Outflows</b>	<b>233,205,514</b>	<b>214,277,124</b>	<b>57,292,460</b>	<b>54,499,026</b>	<b>290,497,974</b>	<b>268,776,150</b>
Current Liabilities	9,266,292	9,154,106	1,999,335	1,671,270	11,265,627	10,825,376
Long-Term Liabilities	170,126,225	95,804,700	13,094,982	10,217,098	183,221,207	106,021,798
Deferred Inflows	11,935,135	9,882,014	-	-	11,935,135	9,882,014
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>191,327,652</b>	<b>114,840,820</b>	<b>15,094,317</b>	<b>11,888,368</b>	<b>206,421,969</b>	<b>126,729,188</b>
Net Position:						
Net Investment in						
Capital Assets	73,630,486	70,920,626	29,741,952	27,887,724	103,372,438	98,808,350
Restricted	7,679,593	9,862,236	474,124	560,910	8,153,717	10,423,146
Unrestricted	(39,432,217)	18,653,442	11,982,067	14,162,024	(27,450,150)	32,815,466
<b>Total Net Position</b>	<b>\$41,877,862</b>	<b>\$99,436,304</b>	<b>\$42,198,143</b>	<b>\$42,610,658</b>	<b>\$84,076,005</b>	<b>\$142,046,962</b>

The Town's combined net position decreased from \$142.0 million to \$84.1 million during FY2015-16. This is a total drop of \$57.9 million in net position. It should be noted that the Town implemented GASB 68 Accounting and Financial Reporting for Pension in FY2015-16. This GASB, among other things, requires local governments to fully record their long-term pension liabilities on the balance sheet. Therefore, in FY2015-16, a significant adjustment was recorded to fully recognize the long-term pension liabilities of the Town. This large "one-time" adjustment (commonly referred to as a prior period adjustment) was made to bring the Town's reporting of long-term pension liabilities into compliance with the new GASB standard. With this adjustment, the Town's "Long-Term Liabilities" (see above) increased from \$106.0 million to \$183.2 million. This \$77.2 million increase is largely due to the GASB 68 adjustment. For more information on this adjustment see Note 18 – Restatements of Net Positions/Fund Balance on page 103. The remaining increase in long-term liabilities relates the liability associated with the Town's 2016 bond issue.

For more detailed information, see the Statement of Net Position on page 28.

**TOWN OF NORMAL ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Activities**

The following table summarizes the revenue and expenses of the Town's activities.

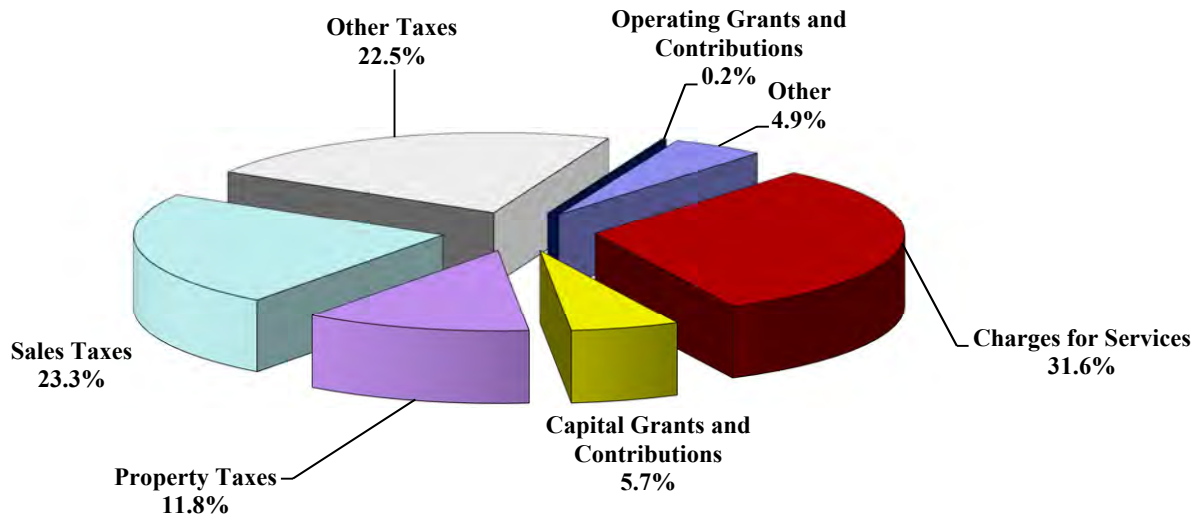
**Table 2**  
**Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for Svcs.	\$ 12,698,578	\$ 11,498,815	\$ 13,703,386	\$ 13,865,681	\$ 26,401,964	\$ 25,364,496
Operating Grants and Contributions	172,736	737,380	-	-	172,736	737,380
Capital Grants and Contributions	4,749,292	4,463,707	-	-	4,749,292	4,463,707
General Revenues:						
Property Taxes	9,891,267	9,465,249	-	-	9,891,267	9,465,249
Other Taxes	38,295,161	35,225,198	-	-	38,295,161	35,225,198
Other	3,984,597	2,670,187	22,607	12,762	4,007,204	2,682,949
<b>Total Revenues</b>	<b>69,791,631</b>	<b>64,060,536</b>	<b>13,725,993</b>	<b>13,878,443</b>	<b>83,517,624</b>	<b>77,938,979</b>
<b>EXPENSES</b>						
General Government	11,887,182	10,359,603	-	-	11,887,182	10,359,603
Public Safety	26,250,522	22,364,245	-	-	26,250,522	22,364,245
Highways and Streets	9,003,014	8,440,815	-	-	9,003,014	8,440,815
Sanitation	2,725,181	2,721,611	-	-	2,725,181	2,721,611
Culture and Recreation	10,328,476	10,206,287	-	-	10,328,476	10,206,287
Community Development	6,452,997	13,282,275	-	-	6,452,997	13,282,275
Water	-	-	7,935,376	7,627,515	7,935,376	7,627,515
Sewer	-	-	2,575,247	2,689,987	2,575,247	2,689,987
Stormwater Management	-	-	1,773,732	1,250,849	1,773,732	1,250,849
Interest on Long-Term Debt	3,787,430	3,610,209	-	-	3,787,430	3,610,209
<b>Total Expenses</b>	<b>70,434,802</b>	<b>70,985,045</b>	<b>12,284,355</b>	<b>11,568,351</b>	<b>82,719,157</b>	<b>82,553,396</b>
<b>Change in Net Positions</b>	<b>(643,171)</b>	<b>(6,924,509)</b>	<b>1,441,638</b>	<b>2,310,092</b>	<b>798,467</b>	<b>(4,614,417)</b>
<b>Net Positions,</b>						
<b>Beginning of Year, Restated</b>	<b>42,521,033</b>	<b>106,360,813</b>	<b>40,756,505</b>	<b>40,300,566</b>	<b>83,277,538</b>	<b>146,661,379</b>
<b>Net Positions,</b>						
<b>End of Year</b>	<b>\$ 41,877,862</b>	<b>\$ 99,436,304</b>	<b>\$ 42,198,143</b>	<b>\$ 42,610,658</b>	<b>\$ 84,076,005</b>	<b>\$ 142,046,962</b>



**TOWN OF NORMAL ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**REVENUES**

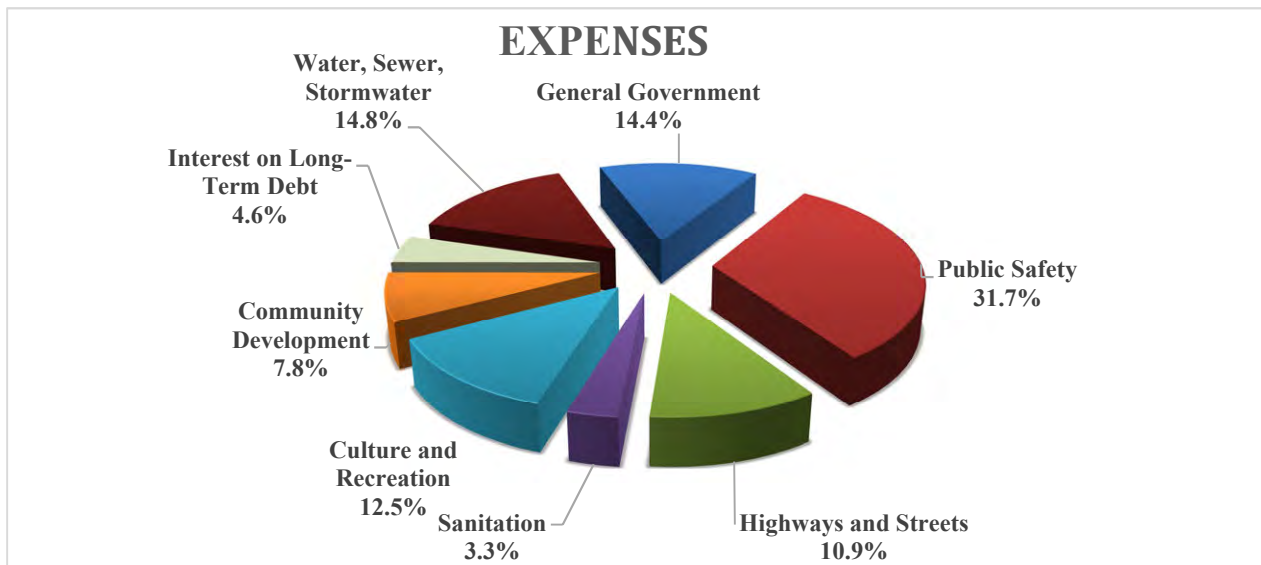


The Town benefits from a diversified revenue base. The largest category of revenue for the Town is Charges for Services. This category includes refuse collection and various parks and recreation program fees. The Town's largest single source of revenue is sales tax (1% municipal and 2.50% local), and totaled \$19.5 million for the fiscal year. Property taxes are the revenue source for the Town's contribution to the Police Pension Fund and the Firefighters' Pension Fund and other retirement funds, as well as a small portion for General Fund operations. The "other taxes" classification includes a number of different revenue sources. Among those are state income tax and utility taxes.

For the fiscal year ended March 31, 2016, governmental activities revenues totaled \$69.8 million. This was a \$5.8 million increase over the prior year. The \$5.7 million increase was the result of an increase in the local sales tax rate from 1.5% to 2.5%, an increase in the monthly waste collection fee from \$12 to \$18 and a newly approved gas tax of 4 cents per gallon. Additionally, the Town saw a significant increase in its state income tax revenue due to the improving local economy.

For the fiscal year ended March 31, 2016, business-type activities revenues totaled \$13.8 million. This was a \$152k decrease from the prior year. The Charge for Services decrease was the result of 5% drop in the average daily consumption from the prior year. This drop is the result of less landscaping water needs due to the mild summer weather in FY2015-16.

**TOWN OF NORMAL ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**



The Town expenses for governmental activities total expenses decreased from \$71.0 million to \$70.4 million. Two significant offsetting factors contributed to the \$0.6 million net decrease. The “Public Safety” expense increase is related to the required implementation of GASB 68 as discussed earlier in this narrative. The “Community Development” expense decrease from prior year was related to one- time contributions from the Town for public/private partnerships associated with capital projects (namely the Hyatt Hotel) that were completed in FY2014-15. The Police and Fire Departments accounted for the largest share of the total “Public Safety” expenses and are reflective of the Town’s commitment to safety for its residents, as well as, those visiting the community. A smaller component of public safety expense would include the Town of Normal Inspections Department. Highways and street costs include maintenance as well as services such as snow removal, vehicle maintenance, engineering and general administration. Culture and recreation would include the aquatic centers, golf course, theater, parks and recreation activities. The sanitation expenditure includes the cost for residential waste pickup, bulk waste services and recycling.

The Town’s expenses for business-type activities total expenses increased from \$11.6 million to \$12.3 million. This \$0.7 million expense increase is related to the required implementation of GASB 68 as discussed earlier in this narrative. The water, sewer, and stormwater management component reflects the cost of providing these services to Normal residents. A separate governmental agency is charged with the responsibility of processing sanitary sewer.

**FINANCIAL ANALYSIS OF THE TOWN’S FUNDS**

On March 31, 2016, the governmental funds had a combined fund balance of \$54.1 million. The Governmental Fund balance sheet can be found on page 31. This reflects a \$12,477,583 increase from the prior year. The primary reason for this increase is the result of revenue increases, receipt of the 2016A bond issue proceeds and expenditure savings in the General Fund.

**TOWN OF NORMAL ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Table 3  
General Fund Budgetary Highlights for the  
Fiscal Year Ended March 31, 2016  
With Comparative Actual Totals for the Year Ended March 31, 2015**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
<b><i>REVENUES</i></b>				
Taxes	\$ 28,706,000	\$ 30,085,579	\$ 29,931,923	\$ 27,210,566
Licenses & Permits	690,900	619,016	666,875	690,665
Other	30,521,606	31,210,272	30,578,874	28,013,750
<b><i>Total Revenues</i></b>	<b>59,918,506</b>	<b>61,914,867</b>	<b>61,177,672</b>	<b>55,914,981</b>
<b><i>EXPENDITURES AND TRANSFERS</i></b>				
Expenditures	(54,660,287)	(54,223,134)	(52,579,075)	(51,469,530)
Transfers Out	(10,630,723)	(11,116,364)	(4,272,275)	(5,919,148)
Transfers In	5,916,479	6,841,769	-	-
Sale of Land	-	-	46,800	189,747
<b><i>Total Expenditures and Transfers</i></b>	<b>(59,374,531)</b>	<b>(58,497,729)</b>	<b>(56,804,550)</b>	<b>(57,198,931)</b>
<b><i>Change in Fund Balance</i></b>	<b>\$ 543,975</b>	<b>\$ 3,417,138</b>	<b>\$ 4,373,122</b>	<b>\$ (1,283,950)</b>

Total budgeted revenues were increased \$1,996,361. The amended budget increase was the results of the additional 1% local sales tax.

Total budgeted expenditures including transfers out were decreased \$48,488. The amended budget decrease was the result of a decrease in capital related expenditures.

During the year, the Town accounts for the Vehicle and Equipment Replacement Fund and Debt Service & Project Reserve Fund separately from the General Fund. However, for this financial presentation, these three funds are combined. The General Fund, as reported in this presentation, ended the year with \$4.4 million surplus. Approximately half of that surplus came from the General Fund, and was a combination of revenue increases (1% local sales tax increase, new 4 cent gas tax, an increase in the monthly waste collection fee) and expenditure savings. The other half of the \$4.4 million surplus came from the Vehicle and Equipment Reserve Fund. This fund is used for capital replacement needs and FY2015-16 was a relatively light year of spending in the fund. The fund's expenses can spike up or down depending on the timing of vehicle and equipment replacement needs. Revenues (transfers in) to the fund stay relatively uniform year to year. The Debt Service & Project Reserve fund balance had a very minor change in surplus for FY2015-16. This fund serves as a conduit of financial resources for the Town's debt, as well as a planned reserve for debt coverage.

With respect to the business-type activities, the Water Fund recorded favorable results for FY2015-16.

**TOWN OF NORMAL ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Capital Assets**

The following schedule reflects the Town's capital asset balances as of March 31, 2016.

**Table 4  
Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and						
Right of Ways	\$ 36,628,309	\$ 35,654,904	\$ 384,302	\$ 384,302	\$ 37,012,611	\$ 36,039,206
Buildings and						
Improvements	106,705,673	106,150,716	60,606,188	58,393,219	167,311,861	164,543,935
Vehicles and						
Equipment	19,508,126	19,786,077	3,984,526	4,071,390	23,492,652	23,857,468
Infrastructure	67,088,551	62,117,182	93,233	-	67,181,784	62,117,182
Construction in						
Progress	2,502,904	3,027,159	3,075,888	2,447,463	5,578,792	5,474,622
Less:						
Accumulated Deprec.	(80,048,859)	(73,862,015)	(29,938,449)	(28,538,569)	(109,987,309)	(102,400,584)
<b>Total</b>	<b>\$ 152,384,704</b>	<b>\$ 152,874,023</b>	<b>\$ 38,205,688</b>	<b>\$ 36,757,805</b>	<b>\$ 190,590,392</b>	<b>\$ 189,631,828</b>

At year-end, the Town's investment in capital assets for the governmental activities was \$152.4 million (net of accumulated depreciation). This represents a decrease of .3% from March 31, 2015.

Major capital asset events during FY 15-16 included the following:

Vehicles & Equipment purchases	\$1,372,460
Highways & Streets additions	4,971,369

Additional information on the Town's capital assets can be found on pages 57 through 61 of this report.

**Long-Term Debt**

As of March 31, 2016, the Town had a total of \$95.98 million in bonded indebtedness outstanding. General obligation bonds comprise \$92.2 million of the bonds outstanding. These bonds are backed by the full faith and credit of the Town government. In keeping with the Town's historical approach to debt service, the Town plans to fully abate its property tax levy for debt service and use revenues from other sources to pay general obligation debt service.

The remaining \$3.78 million in outstanding bonds are Special Service Area Ad Valorem taxable bonds. A direct annual tax levy is placed upon businesses residing in the Special Service Area, commonly referred to as the Shoppes at College Hills, to pay the annual debt on the outstanding bonds. The levy is abated by a portion of the municipal sales tax generated within the Special Service Area each year to help minimize the property tax assessed.

There are two outstanding EPA loans for the Water Fund. These two EPA loans are a \$1,183,582 Piping EPA loan and \$780,117 Filter EPA loan. These EPA loans will be repaid over a 20-year period. The final payments for both will occur in 2030.

**TOWN OF NORMAL ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The table below summarizes the Town's bonded and similar indebtedness.

**Table 5**  
**Bonded and Similar Indebtedness**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
General Obligation						
Bonds	\$ 85,699,963	\$ 79,116,324	\$ 6,500,037	\$ 6,773,676	\$ 92,200,000	\$ 85,890,000
SSA Bond	3,785,000	4,185,000			3,785,000	4,185,000
EPA Loan			1,963,699	2,096,405	1,963,699	2,096,405
<b>Total</b>	<b>\$ 89,484,963</b>	<b>\$ 83,301,324</b>	<b>\$ 8,463,736</b>	<b>\$ 8,870,081</b>	<b>\$ 97,948,699</b>	<b>\$ 92,171,405</b>

As an Illinois home-rule community, the Town is not subject to any debt limitation. The Town's most recent bond rating (March 2016) is Aa1 from Moody's Investors Service, AAA from Fitch Ratings and AA from Standard and Poor's Ratings Service.

Additional information on the Town's long-term debt can be found in Note 5 on pages 61 through 70 of this report.

**TOWN OF NORMAL ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Economic Factors**

The Town's property tax base possesses significant residential and commercial components. The value of residential and commercial (including industrial and railroad) properties comprised 65.8% and 34.2%, respectively, of the Town's total 2015 equalized assessed value of \$836,864,866. Property taxes imposed on property within the Town's corporate limits provide a stable revenue source.

**CONTACT INFORMATION**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Town's financial status and to demonstrate the Town's approach to fiscal responsibility and accountability. Questions concerning this report or requests for additional financial information should be directed to Andrew Huhn, Director of Finance, Town of Normal, 11 Uptown Circle, Normal, Illinois 61761.

**TOWN OF NORMAL, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**March 31, 2016**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Library	Children's Discovery Museum Foundation
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
Current assets:					
Cash and cash equivalents	\$ 20,719,903	\$ 2,814,776	\$ 23,534,679	\$ 134,260	\$ 569,327
Investments	29,353,233	13,141,170	42,494,403	3,684,016	8,758
Receivables, net:					
Property taxes	10,876,314	-	10,876,314	3,770,000	-
Local taxes	1,317,161	-	1,317,161	25,243	-
Accounts, consumers	-	775,759	775,759	-	-
Estimated unbilled usage	-	1,093,592	1,093,592	-	-
Contributions	-	-	-	-	4,901
Interest	36,497	25,491	61,988	7,106	-
Other	2,217,122	-	2,217,122	-	-
Due from other governmental agencies	7,192,183	-	7,192,183	40,467	-
Inventories	48,291	389,634	437,925	-	-
Prepaid items	128,217	15,660	143,877	-	5,000
Total current assets	71,888,921	18,256,082	90,145,003	7,661,092	587,986
Other noncurrent assets:					
Contributions receivable, noncurrent	-	-	-	-	4,951
Capital assets:					
Land	36,628,309	384,302	37,012,611	126,211	-
Construction in progress	2,502,904	3,075,888	5,578,792	-	-
Property and equipment, net	78,999,847	34,654,682	113,654,529	1,254,166	-
Infrastructure, net	34,253,643	90,815	34,344,458	-	-
Total capital assets	152,384,703	38,205,687	190,590,390	1,380,377	-
Total noncurrent assets	152,384,703	38,205,687	190,590,390	1,380,377	4,951
Deferred outflows:					
Deferred amount related to pension liability	7,857,474	830,691	8,688,165	421,735	-
Deferred amount on refunding	1,074,416	-	1,074,416	-	-
Total deferred outflows	8,931,890	830,691	9,762,581	421,735	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 233,205,514</b>	<b>\$ 57,292,460</b>	<b>\$ 290,497,974</b>	<b>\$ 9,463,204</b>	<b>\$ 592,937</b>

**TOWN OF NORMAL, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**March 31, 2016**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Library	Children's Discovery Museum Foundation
<b>LIABILITIES AND DEFERRED INFLOWS</b>					
Current liabilities:					
Accounts and contracts payable	\$ 2,368,796	\$ 1,258,610	\$ 3,627,406	\$ 78,880	\$ 775
Interest payable	1,193,264	100,097	1,293,361	-	-
Accrued liabilities	1,614,982	313,033	1,928,015	84,202	-
Unearned revenue	623,973	-	623,973	-	-
Compensated absences	1,490,166	-	1,490,166	94,445	-
GO Bond payables, current	1,520,111	194,888	1,714,999	-	-
SSA Bond payables, current	455,000	-	455,000	-	-
Loans payable, current	-	132,707	132,707	-	-
Total current liabilities	<u>9,266,292</u>	<u>1,999,335</u>	<u>11,265,627</u>	<u>257,527</u>	<u>775</u>
Noncurrent liabilities:					
Compensated absences, noncurrent	535,326	-	535,326	-	-
GO Bond payable	87,798,264	6,305,147	94,103,411	-	-
SSA Bond payable	3,330,000	-	3,330,000	-	-
Loans payable	-	1,830,992	1,830,992	-	-
Net pension obligation - Illinois Municipal Retirement	12,129,951	2,805,862	14,935,813	1,424,513	-
Pension obligation Police and Fire	52,398,845	-	52,398,845	-	-
Other post-employment benefits, due beyond one year	<u>13,933,839</u>	<u>2,152,981</u>	<u>16,086,820</u>	<u>1,220,565</u>	<u>-</u>
Total noncurrent liabilities	<u>170,126,225</u>	<u>13,094,982</u>	<u>183,221,207</u>	<u>2,645,078</u>	<u>-</u>
Deferred inflows:					
Deferred amount related to pension liability	1,058,821	-	1,058,821	-	-
Subsequent year property taxes	10,876,314	-	10,876,314	3,770,000	-
Other grants, fines, and funding sources	-	-	-	-	45,000
Total deferred inflows	<u>11,935,135</u>	<u>-</u>	<u>11,935,135</u>	<u>3,770,000</u>	<u>45,000</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u>\$ 191,327,652</u>	<u>\$ 15,094,317</u>	<u>\$ 206,421,969</u>	<u>\$ 6,672,605</u>	<u>\$ 45,775</u>
Net position:					
Net investment in capital assets	\$ 73,630,486	\$ 29,741,952	\$ 103,372,438	\$ 1,380,377	\$ -
Restricted for:					
Debt service	3,537,534	474,124	4,011,658	-	-
TIF redevelopment	188,916	-	188,916	-	-
Law enforcement	29,555	-	29,555	-	-
Highways and streets	3,922,586	-	3,922,586	-	-
Community development	1,002	-	1,002	-	-
Library development	-	-	-	546,364	-
Foundation exhibits	-	-	-	-	377,935
Unrestricted	<u>(39,432,217)</u>	<u>11,982,067</u>	<u>(27,450,150)</u>	<u>863,858</u>	<u>169,227</u>
<b>TOTAL NET POSITION</b>	<u>\$ 41,877,862</u>	<u>\$ 42,198,143</u>	<u>\$ 84,076,005</u>	<u>\$ 2,790,599</u>	<u>\$ 547,162</u>

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



**TOWN OF NORMAL, ILLINOIS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2016**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 11,887,182	\$ 2,244,032	\$ 3,974	\$ -
Public safety	26,250,522	4,184,624	46,609	-
Highways and streets	9,003,014	-	21,938	4,570,810
Sanitation	2,725,181	2,482,524	-	-
Culture and recreation	10,328,476	3,767,178	-	178,482
Community development	6,452,997	20,220	100,215	-
Interest on long-term debt	3,787,430	-	-	-
Total governmental activities	<u>70,434,802</u>	<u>12,698,578</u>	<u>172,736</u>	<u>4,749,292</u>
Business-type activities:				
Water	7,935,376	9,521,232	-	-
Sewer	2,575,247	2,303,811	-	-
Stormwater management	1,773,732	1,878,343	-	-
Total business-type activities	<u>12,284,355</u>	<u>13,703,386</u>	<u>-</u>	<u>-</u>
Total primary government	82,719,157	26,401,964	172,736	4,749,292
<b>Component units:</b>				
Library	3,785,357	67,425	40,468	-
Children's Discovery Museum Foundation	<u>415,350</u>	<u>44,308</u>	<u>-</u>	<u>281,000</u>
Total government	<u>\$ 86,919,864</u>	<u>\$ 26,513,697</u>	<u>\$ 213,204</u>	<u>\$ 5,030,292</u>

**General Revenues:**

Taxes:

Property taxes  
Franchise taxes  
Local sales taxes  
Utility taxes  
Other taxes

Intergovernmental without restrictions:

Sales taxes  
Income taxes  
Other taxes

Grants and contributions not restricted to specific programs

Investment income (loss)

Miscellaneous

Total general revenues

Change in net position

**NET POSITION, BEGINNING OF YEAR, as restated**

**NET POSITION, END OF YEAR**

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Library</u>	<u>Children's Discovery Museum Foundation</u>
\$ (9,639,176)	\$ -	\$ (9,639,176)	\$ -	\$ -
(22,019,289)	-	(22,019,289)	-	-
(4,410,266)	-	(4,410,266)	-	-
(242,657)	-	(242,657)	-	-
(6,382,816)	-	(6,382,816)	-	-
(6,332,562)	-	(6,332,562)	-	-
(3,787,430)	-	(3,787,430)	-	-
<u>(52,814,196)</u>	<u>-</u>	<u>(52,814,196)</u>	<u>-</u>	<u>-</u>
-	1,585,856	1,585,856	-	-
-	(271,436)	(271,436)	-	-
-	104,611	104,611	-	-
<u>-</u>	<u>1,419,031</u>	<u>1,419,031</u>	<u>-</u>	<u>-</u>
(52,814,196)	1,419,031	(51,395,165)	-	-
-	-	-	(3,677,464)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,042)</u>
<u>(52,814,196)</u>	<u>1,419,031</u>	<u>(51,395,165)</u>	<u>(3,677,464)</u>	<u>(90,042)</u>
9,891,268	-	9,891,268	3,659,305	-
1,096,326	-	1,096,326	-	-
10,585,588	-	10,585,588	-	-
4,414,624	-	4,414,624	-	-
6,206,575	-	6,206,575	128,894	-
8,874,526	-	8,874,526	-	-
6,806,574	-	6,806,574	-	-
310,949	-	310,949	-	-
-	-	-	-	22,377
382,685	(142,978)	239,707	36,444	1,621
<u>3,601,910</u>	<u>165,585</u>	<u>3,767,495</u>	<u>14,036</u>	<u>-</u>
<u>52,171,025</u>	<u>22,607</u>	<u>52,193,632</u>	<u>3,838,679</u>	<u>23,998</u>
(643,171)	1,441,638	798,467	161,215	(66,044)
<u>42,521,033</u>	<u>40,756,505</u>	<u>83,277,538</u>	<u>2,629,384</u>	<u>613,206</u>
\$ <u>41,877,862</u>	\$ <u>42,198,143</u>	\$ <u>84,076,005</u>	\$ <u>2,790,599</u>	\$ <u>547,162</u>

**TOWN OF NORMAL, ILLINOIS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
March 31, 2016**

	<u>General</u>	<u>Fire Station Capital Inv Fund</u>	<u>Uptown TIF Fund</u>	<u>2016A Refunding Bond Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>						
Assets:						
Cash and cash equivalents	\$ 6,030,410	\$ 4,479,184	\$ 2,967	\$ 234,488	\$ 9,490,609	\$ 20,237,658
Investments, at fair value	15,549,786	5,002,137	-	-	6,782,676	27,334,599
Receivables:						
Property taxes	7,741,000	-	1,932,964	-	1,202,350	10,876,314
Local taxes	1,317,161	-	-	-	-	1,317,161
Interest	27,161	-	-	-	5,431	32,592
Other	2,047,808	-	-	-	45,236	2,093,044
Due from other governmental agencies	7,192,183	-	-	-	-	7,192,183
Inventories	48,291	-	-	-	-	48,291
Prepaid items	128,217	-	-	-	-	128,217
Total assets	<u>\$ 40,082,017</u>	<u>\$ 9,481,321</u>	<u>\$ 1,935,931</u>	<u>\$ 234,488</u>	<u>\$ 17,526,302</u>	<u>\$ 69,260,059</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts and contracts payable	1,943,955	-	-	20,750	403,552	2,368,257
Accrued liabilities	1,303,141	-	-	-	-	1,303,141
Unearned revenue	623,718	-	-	-	-	623,718
Total liabilities	<u>3,870,814</u>	<u>-</u>	<u>-</u>	<u>20,750</u>	<u>403,552</u>	<u>4,295,116</u>
Deferred inflows:						
Subsequent year property taxes	<u>7,741,000</u>	<u>-</u>	<u>1,932,964</u>	<u>-</u>	<u>1,202,350</u>	<u>10,876,314</u>
Total liabilities and deferred inflows	<u>11,611,814</u>	<u>-</u>	<u>1,932,964</u>	<u>20,750</u>	<u>1,605,902</u>	<u>15,171,430</u>
Fund balances:						
Nonspendable:						
Inventories	48,291	-	-	-	-	48,291
Prepaid items	128,217	-	-	-	-	128,217
Restricted for:						
Debt service	-	-	-	213,484	4,517,314	4,730,798
TIF redevelopment	-	-	2,967	-	185,949	188,916
Law enforcement	-	-	-	-	29,555	29,555
Highways and streets	-	-	-	-	3,922,586	3,922,586
Community development	-	-	-	-	1,002	1,002
Committed to:						
Recreation	-	-	-	-	116,524	116,524
Assigned to:						
Encumbrances	578,426	-	-	-	329,184	907,610
Debt service	-	-	-	254	1,050,688	1,050,942
Capital projects	-	9,481,321	-	-	5,767,598	15,248,919
Unassigned	<u>27,715,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,715,269</u>
Total fund balances	<u>28,470,203</u>	<u>9,481,321</u>	<u>2,967</u>	<u>213,738</u>	<u>15,920,400</u>	<u>54,088,629</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 40,082,017</u>	<u>\$ 9,481,321</u>	<u>\$ 1,935,931</u>	<u>\$ 234,488</u>	<u>\$ 17,526,302</u>	<u>\$ 69,260,059</u>

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

**TOWN OF NORMAL, ILLINOIS**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO**  
**NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**March 31, 2016**

Total governmental fund balances	\$ 54,088,629
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>152,384,703</u>
Deferred outflows of resources related to pensions and refundings not reported in the funds	<u>8,931,890</u>
Internal services funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net position.	
Current assets	2,628,862
Current liabilities	<u>(312,635)</u>
	<u>2,316,227</u>
Deferred inflows of resources related to pension not reported in the funds	(1,058,821)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences, current	(1,490,166)
Compensated absences, noncurrent	(535,326)
Accrued interest payable	(1,193,264)
Unamortized premiums	(3,618,412)
Other post-employment benefits, due beyond one year	(13,933,839)
Pension liability - Illinois Municipal Retirement	(12,129,951)
Pension liability - Police and Fire	(52,398,845)
GO Bond payable, current	(1,520,111)
SSA Bond payable, current	(455,000)
GO Bond payable, noncurrent	(84,179,852)
SSA Bond payable, noncurrent	<u>(3,330,000)</u>
	<u>(174,784,766)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 41,877,862</u></b>

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

**TOWN OF NORMAL, ILLINOIS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
Year Ended March 31, 2016**

	<u>General</u>	<u>Fire Station Capital Inv Fund</u>	<u>Uptown TIF Fund</u>	<u>2016A Refunding Bond Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>						
Taxes	\$ 29,931,924	\$ -	\$ 1,496,973	\$ -	\$ 809,813	\$ 32,238,710
Licenses and permits	666,875	-	-	-	-	666,875
Intergovernmental	15,978,560	-	-	-	1,645,250	17,623,810
Charges for services	9,797,703	-	-	-	11,250	9,808,953
Fines and fees	1,699,349	-	-	-	-	1,699,349
Investment income (loss)	181,158	2,219	255	4	39,461	223,097
Miscellaneous	<u>2,922,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,330</u>	<u>3,462,436</u>
Total revenues	<u>61,177,675</u>	<u>2,219</u>	<u>1,497,228</u>	<u>4</u>	<u>3,046,104</u>	<u>65,723,230</u>
<b>EXPENDITURES</b>						
Current operating:						
General government	10,344,684	-	95,142	-	328,516	10,768,342
Public safety	22,349,003	-	-	-	-	22,349,003
Highways and streets	4,903,068	-	-	-	2,662,693	7,565,761
Sanitation	2,015,567	-	-	-	-	2,015,567
Culture and recreation	8,570,210	-	-	-	786,949	9,357,159
Community development	4,396,548	-	-	-	305,866	4,702,414
Debt service:						
Principal	-	-	-	-	2,041,359	2,041,359
Interest and fiscal charges	-	-	-	-	3,831,640	3,831,640
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,855</u>	<u>-</u>	<u>110,855</u>
Total expenditures	<u>52,579,080</u>	<u>-</u>	<u>95,142</u>	<u>110,855</u>	<u>9,957,023</u>	<u>62,742,100</u>
Revenues over (under) expenditures	<u>8,598,595</u>	<u>2,219</u>	<u>1,402,086</u>	<u>(110,851)</u>	<u>(6,910,919)</u>	<u>2,981,130</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	209,542	5,539,992	5,749,534
Transfers out	(4,272,276)	-	(1,399,163)	-	(78,095)	(5,749,534)
Issuance of bonds, at par	-	8,724,498	-	8,740,000	110,502	17,575,000
Bond premium	-	754,604	-	669,357	-	1,423,961
Proceeds from sale of land	46,800	-	-	-	-	46,800
Payment to refund bond escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,294,310)</u>	<u>(255,000)</u>	<u>(9,549,310)</u>
Total other financing sources (uses)	<u>(4,225,476)</u>	<u>9,479,102</u>	<u>(1,399,163)</u>	<u>324,589</u>	<u>5,317,399</u>	<u>9,496,451</u>
Net change in fund balances	<u>4,373,119</u>	<u>9,481,321</u>	<u>2,923</u>	<u>213,738</u>	<u>(1,593,520)</u>	<u>12,477,581</u>
<b>FUND BALANCES, BEGINNING</b>	<u>24,097,084</u>	<u>-</u>	<u>44</u>	<u>-</u>	<u>17,513,920</u>	<u>41,611,048</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 28,470,203</u>	<u>\$ 9,481,321</u>	<u>\$ 2,967</u>	<u>\$ 213,738</u>	<u>\$ 15,920,400</u>	<u>\$ 54,088,629</u>

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

**TOWN OF NORMAL, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2016**

Net changes in fund balances - governmental funds \$ 12,477,581

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay - Acquisitions	4,642,273
Depreciation	(8,116,499)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net position:

Dispositions	(239,094)
Contributed capital	3,224,000

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

Change in compensated absences	(112,498)
OPEB obligations	(2,417,815)
Net pension liability	(2,808,051)

The issuance of long-term debt (e.g., bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Repayment of general obligation bonds	2,041,359
Interest	151,870
Amortization of bond premium	159,897
Deferred amount on refunding	(18,852)
Premium on issued bonds	(1,423,961)
Issuance of general obligation bonds	(17,575,000)
Refunding of general obligation bonds	9,350,000

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net revenue/expense of certain activities of internal service funds is reported with governmental activities.

21,619

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

\$ (643,171)

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

**TOWN OF NORMAL, ILLINOIS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
March 31, 2016**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities Internal Service</b>
	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Storm Water Management</u></b>	<b><u>Total</u></b>	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,059,364	\$ 498,768	\$ 256,644	\$ 2,814,776	\$ 482,245
Investments, at fair value	7,807,479	2,274,864	3,058,827	13,141,170	2,018,634
Receivables:					
Accounts, consumers	583,517	99,543	92,699	775,759	-
Estimated unbilled usage	891,940	201,652	-	1,093,592	-
Interest	15,151	4,417	5,923	25,491	3,905
Other	-	-	-	-	124,078
Inventories	389,634	-	-	389,634	-
Prepaid items	11,055	4,605	-	15,660	-
Total current assets	11,758,140	3,083,849	3,414,093	18,256,082	2,628,862
Noncurrent assets:					
Property and equipment, net	26,837,982	10,526,568	841,137	38,205,687	-
Deferred outflows:					
Deferred amount related to pension liability	651,773	178,918	-	830,691	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>39,247,895</b>	<b>13,789,335</b>	<b>4,255,230</b>	<b>57,292,460</b>	<b>2,628,862</b>
<b>LIABILITIES AND NET POSITION</b>					
Current liabilities:					
Accounts and contracts payable	768,135	348,140	142,335	1,258,610	539
Interest payable	59,938	40,159	-	100,097	-
Accrued liabilities	241,344	71,689	-	313,033	311,841
Unearned revenue	-	-	-	-	255
GO Bond payable - current	132,118	62,770	-	194,888	-
Loan payable - current	132,707	-	-	132,707	-
Total current liabilities	1,334,242	522,758	142,335	1,999,335	312,635
Noncurrent liabilities:					
GO Bond payable	3,646,359	2,658,788	-	6,305,147	-
Loan payable	1,830,992	-	-	1,830,992	-
Pension obligation - IMRF	2,201,522	604,340	-	2,805,862	-
Other post-employment benefits, due beyond one year	1,501,724	651,257	-	2,152,981	-
Total noncurrent liabilities	9,180,597	3,914,385	-	13,094,982	-
Total liabilities	10,514,839	4,437,143	142,335	15,094,317	312,635
Net position:					
Net investment in capital assets	21,095,806	7,805,010	841,136	29,741,952	-
Restricted for debt service	291,389	182,735	-	474,124	-
Unrestricted	7,345,861	1,364,447	3,271,759	11,982,067	2,316,227
<b>TOTAL NET POSITION</b>	<b>\$ 28,733,056</b>	<b>\$ 9,352,192</b>	<b>\$ 4,112,895</b>	<b>\$ 42,198,143</b>	<b>\$ 2,316,227</b>

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

**TOWN OF NORMAL, ILLINOIS  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
Year Ended March 31, 2016**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Storm Water Management</u></b>	<b><u>Total</u></b>	<b><u>Internal Service</u></b>
<b>OPERATING REVENUE</b>					
Charges for services	\$ 9,521,232	\$ 2,303,811	\$ 1,878,343	\$ 13,703,386	\$ 5,267,783
Rent income	41,702	-	-	41,702	-
Miscellaneous	94,133	-	-	94,133	161,418
Total operating revenue	<u>9,657,067</u>	<u>2,303,811</u>	<u>1,878,343</u>	<u>13,839,221</u>	<u>5,429,201</u>
<b>OPERATING EXPENSES</b>					
Personal services	3,497,129	1,229,344	-	4,726,473	4,744,383
Contractual services	2,128,582	575,314	1,758,133	4,462,029	432,529
Supplies and materials	1,228,254	111,005	-	1,339,259	-
Depreciation	1,081,311	625,105	15,599	1,722,015	-
Miscellaneous	100	34,479	-	34,579	230,361
Total operating expenses	<u>7,935,376</u>	<u>2,575,247</u>	<u>1,773,732</u>	<u>12,284,355</u>	<u>5,407,273</u>
Operating income (loss)	<u>1,721,691</u>	<u>(271,436)</u>	<u>104,611</u>	<u>1,554,866</u>	<u>21,928</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Investment income (loss)	84,116	24,934	31,880	140,930	(309)
Net gain on disposal of capital assets	29,750	-	-	29,750	-
Interest expense	(162,289)	(121,619)	-	(283,908)	-
Total nonoperating revenue (expense)	<u>(48,423)</u>	<u>(96,685)</u>	<u>31,880</u>	<u>(113,228)</u>	<u>(309)</u>
Change in net position	1,673,268	(368,121)	136,491	1,441,638	21,619
<b>TOTAL NET POSITION - BEGINNING, as restated</b>	<u>27,059,788</u>	<u>9,720,313</u>	<u>3,976,404</u>	<u>40,756,505</u>	<u>2,294,608</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 28,733,056</u>	<u>\$ 9,352,192</u>	<u>\$ 4,112,895</u>	<u>\$ 42,198,143</u>	<u>\$ 2,316,227</u>

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



**TOWN OF NORMAL, ILLINOIS  
ALL PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
Year Ended March 31, 2016**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Storm Water Management</u></b>	<b><u>Total Enterprise Funds</u></b>	<b><u>Internal Service Funds</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 9,674,070	\$ 2,319,951	\$ 1,873,982	\$ 13,868,003	\$ 5,429,201
Payments to employees	(3,120,303)	(1,071,111)	-	(4,191,414)	-
Payments to suppliers	(3,200,224)	(427,830)	(1,804,208)	(5,432,262)	(662,588)
Payments to claimants	-	-	-	-	(4,767,115)
Net cash provided by (used in) operating activities	<u>3,353,543</u>	<u>821,010</u>	<u>69,774</u>	<u>4,244,327</u>	<u>(502)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	29,750	-	-	29,750	-
Purchases of capital assets	(2,254,108)	(478,679)	(359,806)	(3,092,593)	-
Principal paid on capital debt	(316,040)	(90,308)	-	(406,348)	-
Interest paid on capital debt	<u>(164,471)</u>	<u>(122,794)</u>	<u>-</u>	<u>(287,265)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(2,704,869)</u>	<u>(691,781)</u>	<u>(359,806)</u>	<u>(3,756,456)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investment securities	-	-	-	-	-
Purchase of investment securities	(7,705,619)	(2,245,397)	(3,013,569)	(12,964,585)	(2,011,125)
Interest and dividends received	<u>47,338</u>	<u>13,724</u>	<u>18,618</u>	<u>79,680</u>	<u>14,804</u>
Net cash used in investing activities	<u>(7,658,281)</u>	<u>(2,231,673)</u>	<u>(2,994,951)</u>	<u>(12,884,905)</u>	<u>(1,996,321)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(7,009,607)</u>	<u>(2,102,444)</u>	<u>(3,284,983)</u>	<u>(12,397,034)</u>	<u>(1,996,823)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>9,068,971</u>	<u>2,601,212</u>	<u>3,541,627</u>	<u>15,211,810</u>	<u>2,479,068</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,059,364</u>	<u>\$ 498,768</u>	<u>\$ 256,644</u>	<u>\$ 2,814,776</u>	<u>\$ 482,245</u>

**TOWN OF NORMAL, ILLINOIS**  
**ALL PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**Year Ended March 31, 2016**

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Storm Water Management</u>	<u>Total Enterprise Funds</u>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 1,721,691	\$ (271,436)	\$ 104,611	\$ 1,554,866	\$ 21,928
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,081,311	625,105	15,599	1,722,015	-
Effect of changes in assets and liabilities:					
Accounts and unbilled usage receivables	17,003	16,140	(4,360)	28,783	(25,314)
Inventories	84,732	-	-	84,732	-
Prepaid items	300	125	-	425	-
Accounts and contracts payable	71,680	292,843	(46,076)	318,447	300
Accrued liabilities	376,826	158,233	-	535,059	3,289
Unearned revenue	-	-	-	-	(705)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 3,353,543</u>	<u>\$ 821,010</u>	<u>\$ 69,774</u>	<u>\$ 4,244,327</u>	<u>\$ (502)</u>
<b>NONCASH INVESTING ACTIVITIES</b>					
Capital assets included in accounts and contracts payable	<u>\$ 38,381</u>	<u>\$ 29,645</u>	<u>\$ 69,592</u>	<u>\$ 137,618</u>	<u>\$ -</u>
Net change in fair value of investments	<u>\$ 21,627</u>	<u>\$ 6,793</u>	<u>\$ 7,339</u>	<u>\$ 35,759</u>	<u>\$ (19,019)</u>

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

**TOWN OF NORMAL, ILLINOIS  
PENSION TRUST FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
March 31, 2016**

**ASSETS**

Cash and cash equivalents	\$ 2,762,568
Investments, at fair value:	
Certificates of deposit	5,307,628
Pooled investment accounts	559,898
U.S. Government obligations	8,728,253
Corporate bonds	6,462,046
Mutual funds	28,955,882
Equities	<u>6,320,988</u>
Total investments	<u>56,334,695</u>
Receivables:	
Interest	159,852
Taxes	<u>21,775</u>
Total receivables	<u>181,627</u>
Total assets	<u>59,278,890</u>

**LIABILITIES**

Accounts payable	<u>262</u>
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**NET POSITION,**

restricted for pensions	<u>\$ 59,278,628</u>
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The accompanying notes are an integral part of the financial statements.

**TOWN OF NORMAL, ILLINOIS  
PENSION TRUST FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
Year Ended March 31, 2016**

**ADDITIONS**

Contributions - Employer	\$ 3,267,654
Contributions - Members	<u>1,065,866</u>
Total contributions	<u>4,333,520</u>

**INVESTMENT INCOME**

Interest	2,570,873
Net appreciation (depreciation) in fair value of investments	<u>(2,845,701)</u>
Total investment income (loss)	(274,828)
Less investment expense	<u>(92,424)</u>
Net investment income (loss)	<u>(367,252)</u>
Total additions	<u>3,966,268</u>

**DEDUCTIONS**

Pension benefits	4,704,121
Refunds of contributions	41,506
Administrative expenses	<u>42,128</u>
Total deductions	<u>4,787,755</u>
Change in net position	(821,487)

**NET POSITION RESTRICTED FOR PENSIONS,  
BEGINNING OF YEAR**

60,100,115

**NET POSITION RESTRICTED FOR PENSIONS,  
END OF YEAR**

\$ 59,278,628

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

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

The Town of Normal is located in McLean County, Illinois and was incorporated in March 1867. The Town operates under a council-manager form of government and provides a full range of services, including public safety, planning and zoning, highway and streets, parks and recreational, water and sewer, and general government functions.

The basic financial statements of the Town of Normal (Town) are 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 Town's accounting policies are described below.

**Reporting Entity**

As required by generally accepted accounting principles, these basic financial statements present the Town (the primary government) and its component units. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is based upon the significance of its operational or financial relationship with the primary government. See Note 8 for information describing related organizations not included in the Town's reporting entity.

Discretely Presented Component Units

*Normal Public Library:*

This component unit operates and maintains the public library within the Town. The Library's board is separately elected. This component unit is included within the reporting entity because the Town approves the budget and annual tax levy and because its nature and significance of its relationship to the Town. In addition, the Library is considered to be a legally separate organization. The Library does not issue any separate component unit reports.

*Town of Normal Children's Discovery Museum Foundation:*

This component unit supports the mission and vision of the Town of Normal Children's Discovery Museum. The Foundation's board is separately appointed. This component unit is included within the reporting entity because the Town exerts significant influence over the Foundation's activities. The Town has the ability to otherwise access the resources of the Foundation which are entirely held for the benefit of the Museum and the resources held by the Foundation are significant to the Town. The information included in this report is for the Foundation's fiscal year ended June 30, 2015. The Foundation issues a separate component unit report, which can be obtained by contacting the Foundation at 11 Uptown Circle, Normal, Illinois 61761.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues and are reported separate 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 or segment 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 not properly included among program revenues are reported instead as general revenues.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In determining when to recognize intergovernmental revenue (grants, motor fuel tax allotments, and shared revenue), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two bases for this revenue recognition. In one, monies are virtually unrestricted as to the purpose of expenditure and are nearly irrevocable; therefore, these amounts are recognized as revenue at the time of their receipt or earlier if they meet the criteria of availability. In the other, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenue is recognized based upon the expenditures recorded.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 180 days, except for property taxes, which must be collected within 60 days to be considered available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, including property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Personal property replacement taxes are considered to be measurable when they have been collected and allocated by the state and are recognized as revenue at that time. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is used to account for all activities of the general government not accounted for in some other fund.

The *Fire Station Capital Investment Fund* is used to account for the revenues and expenses related to construction of the fire station.

The *Uptown TIF Fund* is used to account for revenues generated within the established TIF district and expenditures used to make principal and interest payments.

The *2016A Refunding Bond Fund* is used to account for the revenues and expenditures on refunding the G.O. Bonds, Series 2006.

The Town reports the following proprietary funds, all of which are major funds:

The *Water Fund* is used to account for the revenues and expenses related to operating and maintaining the Town's water system.

The *Sewer Fund* is used to account for the revenues and expenses related to operating and maintaining the Town's sanitary sewer system.

The *Storm Water Management Fund* is used to account for the federally mandated storm water program.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

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

Additionally, the Town reports the following fund types:

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources used to finance specified activities as required by law or by administrative regulation.

The *Capital Projects Fund* accounts for the resources used for the acquisition of capital facilities other than those financed by the enterprise funds activities, including streets, sidewalks, and community development.

*Debt Service Funds* are used to account for the servicing of long-term debt.

The *Internal Service Fund* is used to account for the Town's self-insured health plan. The purpose of the fund is to pay medical claims of the Town's employees and certain retirees and their covered dependents, and to minimize the total cost of the annual insurance to the Town. Medical claims exceeding \$150,000 per covered individual with aggregate limit are covered through a private insurance carrier. The Town records a liability for all estimated claims incurred but not reported as of March 31, 2016.

*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 Town. When these assets are held under the terms of a formal trust agreement, a pension fund is used.

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

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.



**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and storm water management enterprise funds and the Town's health insurance internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash, Cash Equivalents, and Investments**

For purposes of the statement of cash flows, the Town's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value, except for Treasury bills which are recorded at amortized cost. Fair value has been based on quoted market prices at March 31, 2016 for debt and equity securities. The composition of pension trust investments, additional deposit and investment information, and fair values are presented in Note 2.

**Inventories**

Inventories of the general and enterprise funds are generally stated at cost using the consumption method.

**Prepaid Items/Expenses**

Prepaid expenditures/expenses such as for insurance are recorded as assets and expended/expensed over the term when the services are received.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

**Capital Assets**

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets, which include infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The Town records all capital items, which are individually greater than \$10,000, with a useful life of greater than one year, as capital assets.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 67 years
Equipment and vehicles	5 - 20 years
Utilities	5 - 40 years
Infrastructure	10 - 50 years

**Property Taxes**

Property taxes receivable represents the 2015 levy that is due and collectible in the 2016-2017 fiscal year. The 2015 levy was adopted in November 2015. Property taxes attach as an enforceable lien on the property as of January 1 and are due and collectible in June and September of the fiscal year following the 2015 tax levy. For governmental fund types, these property taxes are not available for current year operations and are, therefore, shown as deferred inflows. No allowance is provided for uncollectible taxes, which is immaterial to the financial statements. The 2016 levy has not been recorded as a receivable in accordance with GASB Statement No. 33, *Accounting for Nonexchange Transactions*. While the levy attached as a lien as of January 1, 2016, the taxes will not be levied by the Town or extended by the County until December 2016 and, therefore, the amount is not measurable at March 31, 2016.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

**Deferred Outflows of Resources**

The Town's governmental activities and governmental fund financial statements report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The Town will not recognize the related expense until a future event occurs. The Town has two types of items reported in the Statement of Net Position which occur related to expense recognition. The deferred amount on refunding is recognized as a deferred outflow, but the related expenses will be amortized in future periods. Additionally, the Town has deferred outflows related to pension expense to be recognized in future periods and for pension contributions made after the measurement dates.

**Compensated Absences**

Full-time, permanent, and regular part-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. Sick leave accrues to full-time, permanent, and regular part-time employees to specified maximums. Police officers and firefighters are entitled to their proportionate sick leave balance when they retire or become disabled.

Vested or accumulated vacation pay amounts are accrued when incurred by the Town in the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrued to employees. Accumulated sick pay vests based on years of service. A liability in the governmental funds is reported only if the benefit has matured.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

**Deferred Inflows of Resources**

The Town's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The Town will not recognize the related revenue until a future event occurs. The Town has one type of item which occurs related to revenue recognition. Property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year, as it is not legally available as of fiscal year end.

**Pensions**

For purposes of measuring the net pension liability and deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town pension plans and additions to/deductions from the Town pension plans fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Encumbrances**

Encumbrance accounting is used for the general fund, special revenue funds, and capital projects funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as assigned fund balance on the balance sheet. Any encumbrances still open at year end lapse and must be reappropriated in the budget of the new year.

General Fund	\$ 578,426
Nonmajor funds	<u>329,184</u>
<b>Total encumbrances assigned</b>	<b><u>\$ 907,610</u></b>

**Fund Balance Classification**

Fund balance is categorized to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town has classified inventory and prepaids as nonspendable fund balance.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

**Fund Balance Classification (Continued)**

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified State and federal grants as being restricted because their use is restricted by granting agencies. The Town has classified certain debt proceeds as restricted due to their restrictions by creditors. The Town has also classified property taxes and various fees and fines as being restricted because their use is restricted by State laws and regulations.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal ordinance of the Town Council, the Town of Normal's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. The Town has classified Park Land Dedication fees as being committed because their use is formally committed by the Town Council.
- Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to another party through the budgetary process. The authority to assign fund balance has been delegated to the Finance Director. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund and includes the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**Net Position**

Net position is the difference between all other elements in a Statement of Net Position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition or improvement of those assets.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

**Interfund Transactions**

Interfund services transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

**Budgetary Data**

Budget Policy and Practice

The Town adopts annual budgets for all funds except for the Enterprise Funds (Water Fund, Sewer Fund, and Storm Water Management Fund) and the Internal Service Fund (Health and Dental Insurance Fund). The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to February 1, the City Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the annual operating budget is legally enacted through passage of an ordinance. Passage of the annual budget is done in lieu of an appropriation ordinance as permitted by the Illinois Compiled Statutes.

Budgetary Control

Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. Budget transfers between departments within any fund can be made with a majority vote of the Town Council. The Town Council must approve any revisions that alter the total expenditures of any fund. The level of control (level at which expenditures may not exceed budget) is the department total, not the individual line items.

The Town Council, by a majority vote, may amend the legally adopted budget when unexpected modifications are required in the estimated revenues and expenditures. The Council throughout the year approved revisions to the budget in this manner. These changes are reflected in the budgetary figures included in the accompanying financial statements. Individual amendments were not material in relation to the original appropriations, which were amended.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

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

Basis of Accounting

All budgets are adopted on a modified accrual basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year end.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Commitments for Construction and Other Capital Projects**

The Town prepares a six-year capital improvement plan, which is updated annually for changes in project scheduling. Contracts for these projects are authorized only for a period for which a budget has been legally adopted. When contracts for the capital projects are let, the current budget appropriation for the project is encumbered to specifically reserve funds for the project.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Town maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund's portion of this pool is displayed on the statement of net position as "cash and cash equivalents." In addition, investments are separately held by several of the Town's funds. The deposits and investments of the pension trust funds are held separately from those of the other Town funds.

Under its home-rule authority, the Town has adopted an investment policy authorizing a variety of investments including obligations of the U.S. Treasury and U.S. agency's securities, banker's acceptance, repurchase agreements, commercial paper, mutual funds, and the Illinois Funds. Pension investments are governed by State statute and investment policies adopted by their respective boards rather than the Town's investment policy. State statute authorizes the pension boards to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. The Illinois Funds was created by the Illinois State Legislature and is managed by the Illinois State Treasurer. It acts as a money market fund that maintains a \$1 per share value.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deposits**

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions, the Town's investment policy requires that deposits with financial institutions in excess of FDIC limits be collateralized with collateral in an amount of 110 percent of the uninsured deposits with the collateral held by an independent third party institution acting as the agent of the Town. At March 31, 2016, of the Town's deposits, including the pension plan deposits, \$1,394 were uninsured and exposed to custodial credit risk.

**Investments**

As of March 31, 2016, the Town (primary government and Library) had the following investments and maturities of debt securities:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>				<u>Rating</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>&gt; 10</u>	
IMET						
Convenience	\$10,350,725	\$10,350,725	\$ -	\$ -	\$ -	N/A
IMET						
Liquidating Trust	519,435	519,435	-	-	-	N/A
Money Market						
Illinois Funds	1,834,503	1,834,503	-	-	-	AAAm (S&P)
Money Market						
US Bank	3,904,012	3,904,102	-	-	-	N/A
US Gov't Issues						
US Bank	22,528,589	2,604,848	16,923,741	-	-	AA+ (S&P)
Certificates of						
Deposit						
US Bank	11,104,343	2,695,458	8,408,885	-	-	N/A
Municipal Issues						
US Bank	771,317	771,317	-	-	-	AA (S&P)

The 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 Funds' share price, the price for which the investment could be sold. At March 31, 2016, the Town had \$1,834,503 in Illinois Funds.



**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of March 31, 2016, the Police Pension Trust Fund had the following investments and maturities of debt securities:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>				<u>Rating</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>&gt; 10</u>	
U.S. Treasuries	\$ 551,562	\$ 93,732	\$ 355,152	\$ 102,678	\$ -	AAA (Moody)
Corporate Bonds	3,798,008	387,855	2,127,075	1,283,078	-	N/A
FNMA Bonds	70,712	-	-	70,712	-	AA+ (S&P)
FNMA Pass						
Through Pools	1,209,357	-	78,593	54,838	1,075,926	AA+ (S&P)
FHLMC Pass						
Through Pools	213,438	-	-	-	213,438	AA+ (S&P)
IMET						
Convenience	152,240	152,240	-	-	-	N/A
IMET						
Liquidating Trust	29,665	29,665	-	-	-	N/A
Corporate						
Obligations	3,883,600	3,883,600	-	-	-	N/A
Mutual Funds						
4-Star *	5,624,210	5,624,210	-	-	-	24%
3-Star *	9,985,737	9,985,737	-	-	-	71%
2-Star *	801,800	801,800	-	-	-	5%
Certificates						
of Deposit	4,350,432	750,000	3,600,432	-	-	N/A

\* Morningstar overall rating

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of March 31, 2016, the Fire Pension Trust Fund had the following investments and maturities of debt securities:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>				<u>Rating</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>&gt; 10</u>	
U.S. Treasuries	\$ 1,667,979	\$ 304,620	\$1,028,624	\$ 334,735	\$ -	AAA (Moody)
Corporate Bonds	2,664,038	134,131	1,720,435	809,472	-	N/A
FNMA Bonds	230,077	-	-	230,077	-	AA+ (S&P)
FNMA Pass						
Through Pools	4,144,168	-	255,930	58,881	3,829,357	AA+ (S&P)
FHLMC Pass						
Through Pools	702,801	-	-	-	702,801	AA+ (S&P)
IMET						
Convenience	360,475	360,475	-	-	-	N/A
IMET						
Liquidating Trust	17,515	17,515	-	-	-	N/A
Corporate						
Obligations	2,437,388	2,437,388	-	-	-	N/A
Mutual Funds						
5-Star *	419,169	419,169	-	-	-	3%
4-Star *	4,670,753	4,670,753	-	-	-	37%
3-Star *	6,969,174	6,969,174	-	-	-	56%
2-Star *	485,039	485,039	-	-	-	4%
Certificates						
of Deposit	950,007	950,007	-	-	-	N/A

\* Morningstar overall rating

Illinois Metropolitan Investment Fund (IMET) is a nonprofit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The IMET Convenience Fund is fully collateralized or FDIC insured. The IMET Convenience Fund is not rated. IMET was notified on September 29, 2014 that certain repurchase agreements that were backed by First Farmers Financial, LLC (FFF) securities, that were believed to be backed by the U.S. Government, were in default. FFF had perpetrated fraudulent loans that were not actually backed by the U.S. Government. The value of the FFF fraudulent loans in the IMET Convenience fund was estimated by IMET to be impaired by 52.4 percent. In turn, the Town has reduced the estimated fair value of its investments in the IMET Convenience Fund by 52.4 percent. This resulted in a loss of investments to the Town (including the Library component unit) of \$571,815, the Police Pension Fund of \$32,657, and the Fire Pension Fund of \$19,282.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Town, Police Pension Fund, and Firefighters' Pension Fund will not be able to recover the value of their investments that are in possession of an outside party. The Town and Pension Funds limit the exposure to credit risk by limiting investments to securities in accordance with the respective policies, prequalifying institutions the Town and Pension Funds will do business with, and diversifying the portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. Illinois Funds, IMET Convenience Fund, and the mutual funds are not subject to custodial credit risk.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. In accordance with the respective investment policies, the Town, Police Pension Fund, and Firefighters' Pension Fund limit their exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with the policies.

In accordance with its investment policy, the Town limits its exposure to credit risk, the risk that the issue of a debt security will not pay its par value upon maturity, by primarily investing in external investment pools. The Police Pension Fund and the Firefighters' Pension Fund limit their exposure to credit risk by investing in U.S. Treasury obligations which are rated AA or better by a national rating agency, IMET, and other money market and mutual funds.

Concentration of credit risk is the risk that the Town has a high percentage of its investments invested in one type of investment. The Town's investment policy requires diversification of investment to avoid unreasonable risk. At March 31, 2016, the Town's investments representing greater than five percent of their portfolio were the IMET Convenience Fund, Certificates of Deposits, Money Market Funds, and U.S. Government Issues. Because the IMET Convenience Fund is an external investment pool, the concentration of credit risk does not apply. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. At March 31, 2016, the Police Pension Funds investments representing greater than five percent of their portfolio was certificates of deposit, U.S. government obligations, equities, corporate bond and mutual funds. All investments fall within their acceptable ranges at March 31, 2016. The Firefighters' Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. At March 31, 2016, the Firefighters' Pension Funds investments representing greater than five percent of their portfolio was U.S. government obligations, equities, corporate bond and mutual funds.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 3 - INTERFUND RECEIVABLES/PAYABLES AND INTERFUND TRANSFERS**

At March 31, 2016, there were no interfund receivables or payables.

The Town had the following transfers during the fiscal year:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor governmental funds	\$ -	\$ 4,062,734
2016A Refunding Bond Fund	-	209,542
Uptown TIF Fund:		
Nonmajor governmental funds	-	1,399,163
2016A Refunding Bond Fund:		
General Fund	209,542	
Nonmajor governmental funds:		
General Fund	4,062,734	-
Uptown TIF Fund	1,399,163	-
Nonmajor governmental funds	<u>78,095</u>	<u>78,095</u>
<b>Total interfund transfers</b>	<u><b>\$ 5,749,534</b></u>	<u><b>\$ 5,749,534</b></u>

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

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 4 - CAPITAL ASSETS**

**Governmental Activities**

Capital asset activity for the year ended March 31, 2016 consists of the following:

	<b>Balances</b> <b><u>April 1</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b>Balances</b> <b><u>March 31</u></b>
Capital assets not being depreciating:				
Land	\$ 26,100,289	\$ 1,092,621	\$ 119,216	\$ 27,073,694
Right of ways	9,554,615	-	-	9,554,615
Construction in progress	<u>3,027,159</u>	<u>1,532,265</u>	<u>2,056,520</u>	<u>2,502,904</u>
Total capital assets not being depreciated	<u>38,682,063</u>	<u>2,624,886</u>	<u>2,175,736</u>	<u>39,131,213</u>
Capital assets being depreciated:				
Buildings and improvements	105,858,606	847,066	-	106,705,672
Vehicles and equipment	19,786,079	1,372,460	1,650,410	19,508,129
Infrastructure	<u>62,117,182</u>	<u>4,971,369</u>	<u>-</u>	<u>67,088,551</u>
Total capital assets being depreciated	<u>187,761,867</u>	<u>7,190,895</u>	<u>1,650,410</u>	<u>193,302,352</u>
Total capital assets	<u>226,443,930</u>	<u>9,815,781</u>	<u>3,826,146</u>	<u>232,433,565</u>
Less accumulated depreciation for:				
Buildings and improvements	32,419,416	3,715,420	-	36,134,836
Vehicles and equipment	10,791,411	1,925,252	1,637,543	11,079,120
Infrastructure	<u>30,359,079</u>	<u>2,475,827</u>	<u>-</u>	<u>32,834,906</u>
Total accumulated depreciation	<u>73,569,906</u>	<u>8,116,499</u>	<u>1,637,543</u>	<u>80,048,862</u>
<b>Total capital assets, net of accumulated depreciation</b>	<u><b>\$152,874,024</b></u>	<u><b>\$ 1,699,282</b></u>	<u><b>\$ 2,188,603</b></u>	<u><b>\$152,384,703</b></u>

Construction in progress is related primarily to the Fire Station and University Street Bridge.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

**Business-type Activities**

Capital asset activity for the year ended March 31, 2016 consists of the following:

<b><u>Water</u></b>	<b><u>Balances</u> <u>April 1</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Balances</u> <u>March 31</u></b>
Capital assets not being depreciated:				
Land	\$ 384,302	\$ -	\$ -	\$ 384,302
Construction in progress	<u>2,287,128</u>	<u>2,089,708</u>	<u>2,106,088</u>	<u>2,270,748</u>
Total capital assets not being depreciated	<u>2,671,430</u>	<u>2,089,708</u>	<u>2,106,088</u>	<u>2,655,050</u>
Capital assets being depreciated:				
Buildings and improvements	38,942,488	2,106,088	-	41,048,576
Vehicles and equipment	<u>2,112,425</u>	<u>204,141</u>	<u>306,400</u>	<u>2,010,166</u>
Total capital assets being depreciated	<u>41,054,913</u>	<u>2,310,229</u>	<u>306,400</u>	<u>43,058,742</u>
Total capital assets	<u>43,726,343</u>	<u>4,399,937</u>	<u>2,412,488</u>	<u>45,713,792</u>
Less accumulated depreciation for:				
Buildings and improvements	16,591,162	895,923	-	17,487,085
Vehicles and equipment	<u>1,503,378</u>	<u>185,388</u>	<u>300,041</u>	<u>1,388,725</u>
Total accumulated depreciation	<u>18,094,540</u>	<u>1,081,311</u>	<u>300,041</u>	<u>18,875,810</u>
<b>Total capital assets, net of     accumulated depreciation</b>	<u>\$ 25,631,803</u>	<u>\$ 3,318,626</u>	<u>\$ 2,112,447</u>	<u>\$ 26,837,982</u>

Construction in progress is related primarily to the 2015 Watermain Project.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

**Business-type Activities (Continued)**

<u>Sewer</u>	<u>Balances April 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances March 31</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 334,310	\$ -	\$ 334,310
Total capital assets not being depreciated	<u>-</u>	<u>334,310</u>	<u>-</u>	<u>334,310</u>
Capital assets being depreciated:				
Buildings and improvements	19,101,584	106,881	-	19,208,465
Vehicles and equipment	<u>1,921,040</u>	<u>37,488</u>	<u>22,095</u>	<u>1,936,433</u>
Total capital assets being depreciated	<u>21,022,624</u>	<u>144,369</u>	<u>22,095</u>	<u>21,144,898</u>
Total capital assets	<u>21,022,624</u>	<u>478,679</u>	<u>22,095</u>	<u>21,479,208</u>
Less accumulated depreciation for:				
Buildings and improvements	9,171,410	501,072	-	9,672,482
Vehicles and equipment	<u>1,178,220</u>	<u>124,033</u>	<u>22,095</u>	<u>1,280,158</u>
Total accumulated depreciation	<u>10,349,630</u>	<u>625,105</u>	<u>22,095</u>	<u>10,952,640</u>
<b>Total capital assets, net of     accumulated depreciation</b>	<u>\$ 10,672,994</u>	<u>\$ (146,426)</u>	<u>\$ -</u>	<u>\$ 10,526,568</u>

Construction in progress is related to the Airport Road sewer lining project that is in progress.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

**Business-type Activities (Continued)**

<b><u>Stormwater Management</u></b>	<b><u>Balances April 1</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>Balances March 31</u></b>
Capital assets not being depreciated:				
Construction in progress	\$ 160,334	\$ 364,910	\$ 54,415	\$ 470,829
Total capital assets not being depreciated	<u>160,334</u>	<u>364,910</u>	<u>54,415</u>	<u>470,829</u>
Capital assets being depreciated:				
Buildings and improvements	349,147	-	-	349,147
Infrastructure	-	93,233	-	93,233
Vehicles and equipment	<u>37,925</u>	<u>-</u>	<u>-</u>	<u>37,925</u>
Total capital assets being depreciated	<u>387,072</u>	<u>93,233</u>	<u>-</u>	<u>480,305</u>
Total capital assets	<u>547,406</u>	<u>458,143</u>	<u>54,415</u>	<u>951,134</u>
Less accumulated depreciation for:				
Buildings and improvements	61,663	10,592	-	72,255
Infrastructure	-	2,418	-	2,418
Vehicles and equipment	<u>32,735</u>	<u>2,589</u>	<u>-</u>	<u>35,324</u>
Total accumulated depreciation	<u>94,398</u>	<u>15,599</u>	<u>-</u>	<u>109,997</u>
<b>Total capital assets, net of     accumulated depreciation</b>	<b><u>\$ 453,008</u></b>	<b><u>\$ 442,544</u></b>	<b><u>\$ 54,415</u></b>	<b><u>\$ 841,137</u></b>
<b>Total business-type activities</b>	<b><u>\$ 36,757,805</u></b>	<b><u>\$ 3,614,744</u></b>	<b><u>\$ 2,166,862</u></b>	<b><u>\$ 38,205,687</u></b>

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

Governmental activities:	
General government	\$ 916,447
Public safety	584,061
Highway streets	2,944,070
Sanitation	535,626
Culture and recreation	1,426,457
Community development	<u>1,709,838</u>
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 8,116,499</u></b>



**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

**Business-type Activities (Continued)**

Business-type activities:

Water	\$ 1,081,311
Sewer	625,105
Storm Water Management	<u>15,599</u>

<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 1,722,015</u></b>
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**NOTE 5 - LONG-TERM DEBT**

**Governmental Activities**

Bonds Payable

General Obligation Bonds, Series 2005

The Town issued \$10,000,000 General Obligation Demand Bonds, Series 2005 for the purpose of funding uptown projects. On November 13, 2013, the Town issued General Obligation Refunding Bonds that advance refunded \$9,110,000 of the outstanding 2005 bonds. The final principal and interest payment of \$215,000 and \$4,300 was made on June 1, 2015.

General Obligation Bonds, Series 2006

The Town issued \$10,000,000 General Obligation Demand Bonds, Series 2006 for the purpose of funding uptown projects. On March 24, 2016 the Town issued General Obligation Refunding Bonds that refunded the outstanding balance of the 2006 bonds in the amount of \$9,350,000.

General Obligation Bonds, Series 2007

The Town issued \$24,700,000 General Obligation Demand Bonds, Series 2007 for the purpose of funding uptown projects. The Town pays debt service expenditures from dedicated revenues and abates associated property tax levies. Principal payments due June 1, ranging from \$245,000 to \$3,050,000 annually which began in fiscal year 2011, final payment due in fiscal year 2037. Interest rates vary between 4.25 and 4.75 percent, and interest is due semiannually on June 1 and December 1.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

Bonds Payable (continued)

General Obligation Bonds, Series 2008

The Town issued \$10,000,000 General Obligation Demand Bonds, Series 2008 for the purpose of funding uptown projects. The Town pays debt service expenditures from dedicated revenues and abates associated property tax levies. Principal payments ranging from \$500,000 to \$1,500,000 annually beginning in fiscal year 2018, final payment due in fiscal year 2039. Interest rates vary between 4.05 and 5.00 percent, and interest is due semiannually on June 1 and December 1.

General Obligation Refunding Bonds, Series 2009

The Town issued \$9,490,000 General Obligation Refunding Bonds, Series 2009 for the purpose of currently refunding the General Obligation Bonds, Series 2003. The Town pays debt service expenditures from property tax levies. Principal payments due June 1, ranging from \$505,000 to \$1,000,000 annually which began in fiscal year 2012, final payment due in fiscal year 2024. Interest rates vary between 2.50 and 5.00 percent and interest payments are due semiannually on June 1 and December 1.

General Obligation Build America Bonds, Taxable, Series 2009A

The Town issued \$5,900,000 Taxable General Obligation Bonds, Series 2009A for the purpose of financing facilities and improvements constituting a conference and community meeting center, parking facilities, streets, and other improvements. The Town pays debt service expenditures from property tax levies. Principal payments due June 1, ranging from \$500,000 to \$2,500,000 annually beginning in fiscal year 2037, final payment due in fiscal year 2040. Interest rate is 6 percent and interest payments are due semiannually on June 1 and December 1. Build America Bonds provide a federal subsidy in an amount equal to 35 percent of the total coupon interest paid.

General Obligation Build America (Recovery Zone Economic Development Bonds) Bonds, Taxable, Series 2010A

The Town issued \$1,855,000 taxable General Obligation Demand Bonds, Series 2010A for the purpose of acquiring, constructing, and installing facilities and improvements constituting a new transportation center and related facilities, improvements, and costs constituting public facilities. The Town pays debt service expenditures from dedicated revenues or associated property tax levies, if not abated. Principal payments ranging from \$905,000 to \$950,000 annually beginning in fiscal year 2040, final payment due in fiscal year 2041. Interest rate is 6.30 percent and interest is due semiannually on June 1 and December 1. Recovery Zone Economic Development Bonds provide a federal subsidy in an amount equal to 45 percent of the total coupon interest paid.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2012

The Town issued \$9,610,000 General Obligation Refunding Bonds, Series 2012 for the purpose of advance refunding \$9,200,000 of the General Obligation Bonds, Series 2004. The Town pays debt service expenditures from dedicated revenues and abates associated property tax levies. Principal payments are due June 1, ranging from \$100,000 to \$1,370,000 annually beginning in fiscal year 2020, final payment due in fiscal year 2030. Interest rates vary between 2.0 and 3.0 percent, and interest payments are due semiannually on June 1 and December 1.

General Obligation Refunding Bonds, Series 2013

The Town issued \$9,105,000 General Obligation Refunding Bonds, Series 2013 for the purpose of advance partial refunding of the G.O. Bonds, Series 2005. The Town pays debt service expenditures from dedicated revenues and abates associated with property tax levies. Principal payments are due December 1, ranging from \$240,000 to \$935,000 annually which began in fiscal year 2016. Final payment is due in fiscal year 2030. Interest rates vary between 3.00 percent and 4.25 percent, and interest payments are due semi-annually on June 1 and December 1.

General Obligation Bonds, Series 2014

The Town issued \$9,155,000 General Obligation Demand Bonds, Series 2014 for the purpose of funding a new fire station and uptown development. The Town pays debt service expenditures from dedicated revenues and abates associated property tax levies. Principal payments ranging from \$340,000 to \$670,000 annually beginning in fiscal year 2017, final payment due in fiscal year 2035. Interest rates vary between 3.00 and 4.00 percent, and interest is due semiannually on June 1 and December 1.

General Obligation Refunding Bonds, Series 2016A

The Town issued \$8,740,000 General Obligation Refunding Bonds, Series 2016A for the purpose of refunding the G.O. Bonds, Series 2006. The Town pays debt service expenditures from dedicated revenues and abates associated property tax levies. Principal payments are due June 1, ranging from \$200,000 to \$1,000,000 annually beginning in fiscal year 2018. Final payment is due in fiscal year 2036. Interest rates vary between 2.50 percent and 4.00 percent, and interest payments are due semi-annually on June 1 and December 1.

The Town completed the refunding to reduce its total debt service over future years and provide economic savings of \$1,210,012, at net present value.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

Bonds Payable (continued)

General Obligation Bonds, Series 2016B

The Town issued \$8,835,000 General Obligation Demand Bonds, Series 2016B for the purpose of funding a new fire station and uptown development. The Town pays debt service expenditures from dedicated revenues and abates associated property tax levies. Principal payments ranging from \$275,000 to \$2,310,000 annually beginning in fiscal year 2031, final payment due in fiscal year 2042. Interest rates vary between 3.50 and 4.00 percent, and interest is due semiannually on June 1 and December 1.

The following are summaries of the Town's general obligation bonds future annual debt service principal and interest requirements:

<b>Fiscal Year Ending March 31,</b>	<b>General Obligation Bonds Principal*</b>	<b>General Obligation Bonds Interest*</b>	<b>Total</b>
2017	\$ 1,715,000	\$ 3,653,016	\$ 5,368,016
2018	2,385,000	3,778,997	6,163,997
2019	2,375,000	3,677,534	6,052,534
2020	2,750,000	3,574,797	6,324,797
2021	3,150,000	3,457,796	6,607,796
2022-2026	17,690,000	15,347,619	33,037,619
2027-2031	19,570,000	11,883,339	31,453,339
2032-2036	23,450,000	7,375,201	30,825,201
2037-2041	16,805,000	2,459,129	19,264,129
2042	<u>2,310,000</u>	<u>46,200</u>	<u>2,356,200</u>
<b>Total</b>	<b><u>\$92,200,000</u></b>	<b><u>\$55,253,628</u></b>	<b><u>\$ 147,453,628</u></b>

\* Total debt service payments include amounts paid from the Water and Sewer Funds.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

Bonds Payable (continued)

Special Service Area Bonds, Series 2004

The Town issued \$5,510,000 Special Service Area Bonds, Taxable Series 2004 for the purpose of funding the Shoppes at College Hills. This is not a Town owned facility, but is privately owned. The Town pays debt service expenditures from property tax levied on the parcels within the Special Service Area. Principal payments due June 1, ranging from \$80,000 to \$660,000 annually which began in fiscal year 2010, final payment due in fiscal year 2025. Interest is due semiannually on June 1 and December 1 at 8.25 percent.

The following is a summary of the Town's Special Service Area Bonds future annual debt service principal and interest requirements:

<b>Fiscal Year Ending March 31.</b>	<b>Special Service Area Bonds Principal</b>	<b>Special Service Area Bonds Interest</b>	<b>Total</b>
2017	\$ 455,000	\$ 317,467	\$ 772,467
2018	510,000	278,541	788,541
2019	575,000	235,881	810,881
2020	645,000	187,785	832,785
2021	545,000	134,200	679,200
2022-2025	<u>1,055,000</u>	<u>274,928</u>	<u>1,329,928</u>
<b>Total</b>	<b><u>\$ 3,785,000</u></b>	<b><u>\$ 1,428,802</u></b>	<b><u>\$ 5,213,802</u></b>

Compensated Absences

The Town has included the vested portion of the sick and vacation leave as long-term debt.

Specific years for payment of compensated absences are not determinable and are not included in the table above.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

Changes in Long-term Liabilities

During the fiscal year, the activity relating to governmental long-term liabilities is as follows:

	<b>Balances</b> <b><u>April 1</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b>Balances</b> <b><u>March 31</u></b>	<b><u>Due Within</u></b> <b><u>One Year</u></b>
\$5,510,000 SSA Bonds, Taxable Series 2004, monthly interest payments at 8.25 percent, due June 1, 2025, principal payments begin December 1, 2009	\$ 4,185,000	\$ -	\$ 400,000	\$ 3,785,000	\$ 455,000
\$10,000,000 G.O. Demand Bonds, Series 2005, semiannual interest payments at rates ranging from 3.8 to 4.65 percent, due June 1, 2030, principal payments begin June 1, 2009*	215,000	-	215,000	-	-
\$10,000,000 G.O. Demand Bonds, Series 2006, semiannual interest payments at rates ranging from 4.0 to 4.4 percent, due June 1, 2035, principal payments begin June 1, 2013	9,600,000	-	9,600,000	-	-

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

Changes in Long-term Liabilities (continued)

	<b>Balances</b> <b><u>April 1</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b>Balances</b> <b><u>March 31</u></b>	<b>Due Within</b> <b><u>One Year</u></b>
\$24,700,000 G.O. Demand Bonds, Series 2007, semiannual interest payments at rates ranging from 4.25 to 4.75 percent, due June 1, 2036, principal payments begin June 1, 2010*	\$ 23,030,000	\$ -	\$ 415,000	\$ 22,615,000	\$ 265,000
\$10,000,000 G.O. Demand Bonds, Series 2008, semiannual interest payments at rates ranging from 4.05 to 5.00 percent, due June 1, 2038, principal payments begin June 1, 2017	10,000,000	-	-	10,000,000	-
\$9,490,000 G.O. Refunding Bonds, Series 2009, semiannual interest payments at rates from 2.5 to 5.0 percent, due June 1, 2023, principal payments begin June 1, 2011	7,420,000	-	645,000	6,775,000	665,000
\$5,900,000 G.O. Build America Bonds, Taxable Series 2009A, semiannual interest payments at 6.0 percent, due June 1, 2039, principal payments begin June 1, 2037	5,900,000	-	-	5,900,000	-

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

Changes in Long-term Liabilities (continued)

	<u>Balances</u> <u>April 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>March 31</u>	<u>Due Within</u> <u>One Year</u>
\$1,855,000 G.O. Demand Bonds, Series 2010A, semiannual interest payments at 6.3 percent, due June 1, 2041, principal payments begin June 1, 2039	\$ 1,855,000	\$ -	\$ -	\$1,855,000	\$ -
\$9,610,000 G.O. Refunding Bonds, Series 2012 semiannual interest payments at rates from 2.0 to 3.0 percent, due June 1, 2029, principal payments begin June 1, 2019	9,610,000	-	-	9,610,000	-
\$9,105,000 G.O. Refunding Bonds, Series 2013 semiannual interest Payments at 3.0-4.25%, due December 1, 2029, principal Payments begin December 1, 2015	9,105,000	-	390,000	8,715,000	445,000
\$9,155,000 G.O. Demand Bonds, Series 2014 semiannual interest Payments at 3.0-4.0%, due June 1, 2034, principal Payments begin June 1, 2016	9,155,000	-	-	9,155,000	340,000
\$8,740,000 G.O. Refunding Bonds, Series 2016A semiannual interest Payments at 2.5-4.0%, due June 1, 2035, principal Payments begin June 1, 2017	-	8,740,000	-	8,740,000	-
\$8,835,000 G.O. Demand Bonds, Series 2014 semiannual interest Payments at 3.5-4.0%, due June 1, 2041, principal Payments begin June 1, 2030	-	8,835,000	-	8,835,000	-
Total bonds payable	90,075,000	17,575,000	11,665,000	95,985,000	2,170,000



**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

Changes in Long-term Liabilities (continued)

	<b>Balances April 1</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances March 31</b>	<b>Due Within One Year</b>
Issuance premiums	\$ 2,354,344	\$ 1,423,961	\$ 159,893	\$ 3,618,412	\$ -
*A portion of the total is included in the Water and Sewer Funds	(6,773,676)	-	(273,638)	(6,500,038)	(194,890)
Total bonds payable, governmental activities	\$ 85,655,668	\$ 18,998,961	\$ 11,551,252	\$ 93,103,374	\$ 1,975,110
Compensated absences	\$ 1,912,993	\$ 1,569,651	\$ 1,457,152	\$ 2,025,492	\$ 1,490,166
Total governmental activities	\$ 87,568,661	\$ 20,568,612	\$ 13,008,404	\$ 95,128,866	\$ 3,465,276

The General Fund assets have typically been used in prior years to liquidate compensated absences.

**Business-type Activities**

Loans Payable

The Town borrowed funds from the Illinois Environmental Protection Agency in 2009 for filter renovation. The total loan was \$1,049,125 drawn through March 31, 2016. Under the agreement, \$369,920 of the draws were forgiven and principal payments are due semiannually in an amount of \$26,900. This loan is interest free. These notes are being repaid by the Water Fund.

The Town borrowed funds from the Illinois Environmental Protection Agency beginning in 2009 for piping modifications. The total loan commitment was \$2,037,577, with \$1,970,908 being drawn through March 31, 2016. Under the agreement, \$509,425 of the draws are to be forgiven. The principal payments will be due semiannually in an amount of \$39,453. No interest will be paid on the note. These notes are being repaid by the Water Fund.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Business-type Activities (Continued)**

Loans Payable (continued)

The following is a summary of the Town's loan payable future annual debt service principal and interest requirements for completed projects:

<b>Fiscal Year Ending March 31,</b>	<b>Filter Renovation Principal</b>	<b>Piping Modification Estimated Principal</b>	<b>Total</b>
2017	\$ 53,801	\$ 78,906	\$ 132,707
2018	53,801	78,905	132,706
2019	53,801	78,905	132,706
2020	53,801	78,905	132,706
2021	53,801	78,905	132,706
2022-2026	269,006	394,527	663,533
2027-2031	<u>242,106</u>	<u>394,529</u>	<u>636,635</u>
<b>Total</b>	<b><u>\$ 780,117</u></b>	<b><u>\$ 1,183,582</u></b>	<b><u>\$ 1,963,699</u></b>

During the fiscal year, the activity relating to business-type activities long-term liabilities is as follows:

	<b>Balances April 1</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balances March 31</b>	<b>Due Within One Year</b>
\$1,049,045 Filter Renovation IEPA loan, due June 30, 2030, zero percent, payable semi-annually	\$ 833,918	\$ -	\$ 53,801	\$ 780,117	\$ 53,801
\$1,328,535 Piping Modification IEPA loan, due November 7, 2030, zero percent, payable semi-annually	<u>1,262,487</u>	<u>-</u>	<u>78,905</u>	<u>1,183,582</u>	<u>78,906</u>
	<b><u>\$ 2,096,405</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 132,706</u></b>	<b><u>\$ 1,963,699</u></b>	<b><u>\$ 132,707</u></b>

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

In addition to providing the pension benefits described in Note 7, the Town provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan (Retiree Healthcare Program). The benefits, benefit levels, employee contributions and employer contributions are governed by the Town and can be amended by the Town through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Town's governmental and business-type activities.

Benefits Provided

The Town provides continued medical and prescription drug coverage at the active employee rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree medical and prescription drug coverage. To be eligible for benefits, an employee must qualify for retirement under one of the Town's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree can choose to not participate in the plan or continue under the Town's plan at a Medicare Supplement rate.

Membership

The Town's Retiree Healthcare Program includes three employee groups: Those qualifying are police in the Town of Normal hired prior to November 1, 2008, firefighters in the Town of Normal hired prior to April 1, 1998, and other employees hired prior to June 1, 2007.

At April 1, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	123
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>199</u>
<b>Total</b>	<b><u><u>322</u></u></b>
<b>Participating employers</b>	<b><u><u>1</u></u></b>

Funding Policy

The Town is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Funding Policy (Continued)

Premium cost sharing arrangements vary. Police and fire retirees contribute 100 percent of the blended retiree and/or spouse rate under the age of 50, 50 percent of the blended retiree rate for retirees age 50 to 64, and 80 percent of the blended spouse rate for spouses age 50 to 64. Other retirees contribute 100 percent of the blended retiree and/or spouse rate under the age of 55, 50 percent of the blended retiree rate for retirees age 55 to 64, and 80 percent of the blended spouse rate for spouses age 55 to 64. All retiree and spouse contributions are reduced by actual Medicare premium payments upon attainment of age 65.

Annual OPEB Costs and Net OPEB Obligation

The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the Town, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC is the periodic required contribution to fund the postemployment health care benefits of both active and retired employees, calculated in accordance with GASB Statement No. 45. It includes both the value of benefits earned during the year (normal cost) and an amortization of the unfunded actuarial accrued liability. Although there is no requirement to make contributions equal to the ARC, it serves as the starting point for determining the annual OPEB cost.

The Town had an actuarial valuation performed for the plan as of April 1, 2015 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended March 31, 2016. The annual OPEB cost is the amount the Town charges as the cost of the postemployment health care benefits each fiscal year. If there is no net OPEB obligation, then the annual OPEB cost is equal to the ARC. However, if there is a net OPEB obligation, the annual OPEB cost reflects adjustment for interest on the net OPEB obligation. The Town's annual OPEB cost (expense) of \$3,518,443 was \$398,159 less than the ARC for the fiscal year 2016, due to interest or prior OPEB obligations and actuarial adjustments for prior underpayments. The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended March 31 were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
March 31, 2016	\$3,518,443	\$460,913	13.1%	\$17,307,385
March 31, 2015	3,090,313	403,414	13.1	14,249,856
March 31, 2014	3,128,902	333,652	10.7	11,562,957

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation as of April 1, 2016 was calculated as follows:

Annual required contribution	\$ 3,916,602
Interest on net OPEB obligation	463,120
Adjustment to annual required contribution	<u>(861,279)</u>
Annual OPEB cost	3,518,443
Contributions made	<u>460,914</u>
Increase in net OPEB obligation	3,057,529
Net OPEB obligation, beginning of year	<u>14,249,856</u>
<b>Net OPEB obligation, end of year</b>	<b><u>\$17,307,385</u></b>

The net OPEB obligation is the difference between the annual OPEB cost and the Town's contributions to the plan since the implementation date.

Funded Status and Funding Progress. The funded status of the plan as of April 1, 2016, was as follows:

Actuarial accrued liability (AAL)	\$ 40,697,187
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 40,697,187
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 15,954,352
UAAL as a percentage of covered payroll	255.09%

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

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 6 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The unfunded actuarial accrued liability is amortized as a level dollar amount over a closed thirty year period.

In the April 1, 2015 actuarial valuation, the projected unit credit cost method was used.

Medical Inflation Rate Baseline. This set of medical inflation rates was developed by the Town's actuaries. To show the sensitivity of the results to this assumption, the actuaries looked at the impact of an increase or decrease of 1.00 percent on these rates.

Initial inflation rate	7.30%
Ultimate inflation rate	4.30%
1st Year	6.50%
5th Year	5.40%
10th Year	5.40%
20th Year	5.50%
50th Year	4.70%

Discount Rate. The discount rate as of April 1, 2015 is 3.25 percent based on the estimated long-term rate of return.

Actuarial Cost Method. The method used to calculate normal cost and actuarial accrued liability is the projected unit credit cost method. Under this method, the present value of projected benefits is estimated at each decrement age, taking into account the value of future increases in medical claims and the effect of medical contributions and Medicare reimbursement. The total present value of projected benefits is the sum of the present values for each decrement age.

The actuarial accrued liability is calculated by prorating the present value of projected benefits by service at the valuation date over service projected to the date of decrement.

The normal cost is the present value of projected benefits attributable to the valuation year.

The actuarial value of assets was not determined as the Town has not advance funded its obligation.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7- PENSION PLANS**

The Town contributes to three defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighter's Pension Plan, which is also a single-employer pension plan. None of the pension plans issue a separate report except for IMRF.

**A. IMRF**

**Plan Description**

The Town's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Town's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP), which is the only plan The Town participates in. IMRF also offers the Sheriff's Law Enforcement Personnel (SLEP) plan for sheriffs, deputy sheriffs, and selected police chiefs, as well as Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**A. IMRF (Continued))**

**Benefits Provided** (continued)

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms**

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	137
Inactive Plan Members entitled to but not yet receiving benefits	87
Active Plan Members	<u>252</u>
<b>Total</b>	<u><u>476</u></u>

**Contributions**

As set by statute, The Town's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Town annual contribution rate for calendar year 2015 was 12.94%. For the fiscal year ended December 31, 2015, The Town contributed \$2,069,286 to the plan.

The Town 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.



**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

**Net Pension Liability**

The Town's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%.
- The **Investment Rate of Return** was assumed to be 7.47%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

**Actuarial Assumptions** (continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

**Single Discount Rate**

A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
<b>Balances at December 31, 2014</b>	\$ 82,474,263	\$71,110,092	\$11,364,171
<b>Changes for the year:</b>			
Service Cost	1,695,572	-	1,695,572
Interest on the Total Pension Liability	6,108,482	-	6,108,482
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	223,364	-	223,364
Changes of Assumptions	113,994	-	113,994
Contributions - Employer	-	2,069,286	(2,069,286)
Contributions - Employees	-	722,123	(722,123)
Net Investment Income	-	354,238	(354,238)
Benefit Payments, including Refunds of Employee Contributions	(3,316,361)	(3,361,361)	-
Other	-	(390)	390
Net Changes	<u>4,825,051</u>	<u>(216,104)</u>	<u>4,996,155</u>
<b>Balances at December 31, 2015</b>	<u><u>\$ 87,299,314</u></u>	<u><u>\$70,893,988</u></u>	<u><u>\$16,360,326</u></u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>1% Decrease (6.47%)</b>	<b>Current Discount (7.47%)</b>	<b>1% Increase (8.47%)</b>
<b>Net Pension Liability</b>	\$ 28,797,870	\$ 16,360,326	\$ 6,209,871

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**A. IMRF (Continued)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2015, the Town recognized pension expense of \$2,781,079. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b><i>Deferred Amounts to be Recognized in Expense in Future Periods</i></b>		
Differences between expected and actual	\$ 219,775	\$ -
Changes of assumptions	97,133	-
Net difference between projected and actual earnings on pension plan investments	<u>3,967,457</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>4,284,365</u>	<u>-</u>
<b><i>Pension Contributions made Subsequent to the Measurement Date</i></b>	<u>559,203</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 4,843,568</u></b>	<b><u>\$ -</u></b>

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions, prior to contributions subsequent to measurement date, will be recognized in pension expense in future periods as follows:

<b>Year Ending</b>	<b>Net Deferred Outflows of Resources</b>
2017	\$ 1,051,369
2018	1,045,377
2019	1,045,377
2020	1,045,377
2021	<u>96,865</u>
Total	<b><u>\$ 4,284,365</u></b>

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans**

The Town has two (2) defined benefit single-employer pension plans: Police and Fire Pension Plans. The plans do not issue stand-alone financial reports and are not included in any other retirement systems or entities financial report. The Town accounts for both plans as pension trusts funds; therefore, they are accounted for in substantially the same manner as proprietary funds, with an economic resources measurement focus and employment of the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

For financial statement purposes, plan assets are valued at fair value of the Police and Fire plans, as reported within the annual trustee statements. The plans do not issue stand-alone GAAP financial reports. Therefore, the individual financial reports are presented for each of the plans in this section.

	<b><u>Pension Trust Funds</u></b>		
	<b><u>Police</u></b>	<b><u>Fire</u></b>	<b><u>Total</u></b>
<b>Assets</b>	<b><u>Pension</u></b>	<b><u>Pension</u></b>	
Cash and cash equivalents	\$ 807,902	\$ 1,954,666	\$ 2,762,568
Investments, at fair value:			
Certificate of deposit	4,357,622	950,006	5,307,628
Pooled investment accounts	181,908	377,990	559,898
U.S. Government obligations	2,037,444	6,690,809	8,728,253
Corporate bonds	3,798,008	2,664,038	6,462,046
Equities	3,883,600	2,437,388	6,320,988
Mutual funds	16,411,747	12,544,135	28,955,882
Total investments	30,670,329	25,664,366	56,334,695
Receivables:			
Interest	116,502	43,350	159,852
Taxes	11,477	10,298	21,775
Total receivables	127,979	53,648	181,627
Total assets	31,606,209	27,672,680	59,278,890
<b>Liabilities:</b>			
Accounts Payable	262	-	262
Total liabilities	262	-	262
<b>Net position,</b>			
held in trust for pension benefits	\$ 31,605,947	\$ 27,672,680	\$ 59,278,628

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

	<b><u>Police Pension</u></b>	<b><u>Fire Pension</u></b>	<b><u>Total</u></b>
<b>ADDITIONS</b>			
Contributions – Employer	\$ 1,739,249	\$ 1,528,405	\$ 3,267,654
Contributions – Members	603,082	462,784	1,065,866
	<hr/>	<hr/>	<hr/>
Total contributions	2,342,331	1,991,189	4,333,520
	<hr/>	<hr/>	<hr/>
Investment income:			
Interest	1,428,866	1,142,007	2,570,873
Net appreciation (depreciation) in the fair value of investments	(1,599,894)	(1,245,807)	(2,845,701)
Total investment income (loss)	(171,028)	(103,800)	(274,828)
	<hr/>	<hr/>	<hr/>
Less investment expense	(44,253)	(48,171)	(92,424)
Net investment income (loss)	(215,281)	(151,971)	(367,252)
	<hr/>	<hr/>	<hr/>
Total additions	2,127,050	1,839,218	3,966,268
	<hr/>	<hr/>	<hr/>
<b>DEDUCTIONS</b>			
Pension benefits	2,581,954	2,122,167	4,704,121
Refunds of contributions	41,506	-	41,506
Administrative expenses	28,238	13,890	42,128
	<hr/>	<hr/>	<hr/>
Total deductions	2,651,698	3,136,057	4,787,755
	<hr/>	<hr/>	<hr/>
Change in net position	(524,648)	(296,839)	(821,487)
	<hr/>	<hr/>	<hr/>
<b>NET POSITION, BEGINNING OF YEAR</b>	32,130,595	27,969,520	60,100,115
	<hr/>	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 31,605,947</u>	<u>\$ 27,672,681</u>	<u>\$ 59,278,628</u>

In addition to other disclosures, the GASB requires a schedule of changes in the net pension liability and related ratios; a schedule of contributions; and a schedule of investment returns that include historical trend information. These schedules are included as required supplementary information to the financial statements.

**TOWN OF NORMAL, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Police Pension Plan**

Plan Description

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Town accounts for the plan as a pension trust fund. The plan is administered by a Board of Trustees which acts as the administrator of the plan.

The Board for the Police Pension Plan consists of five Trustees, two of whom are appointed by the Mayor, two of whom are members of the system who are elected by a majority of the Police Officers who are members of the system, and a fifth trustee who is elected by and from the beneficiaries of legal age of the fund. Each Trustee serves a two year term. Under Article 3 of the Illinois Pension Code, a Police Officer may become a Participant in the Plan upon written application within the first six months of his appointment as a sworn Police Officer.

At March 31, 2016 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to but not yet receiving benefits	53
Current employees:	
Vested	48
Nonvested	<u>32</u>
<b>Total</b>	<b><u>133</u></b>

The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

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 of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years. Employees with at least 8 years but less than 20 years of credited service may retire at or after the age of 60 and receive a reduced benefit.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Police Pension Plan** (continued)

Plan Description (continued)

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

Under Public Act 96-1495, the annual requirements of the pension fund are to be determined as a level percent of payroll sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities by the year 2040.

Net Pension Liability

The components of the net pension liability of the Police Pension Plan as of March 31, 2016 is as follows:

Total Pension Liability	\$ 61,399,006
Plan Fiduciary Net Position	<u>31,605,947</u>
Net Pension Liability	<u>\$ 29,793,059</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.48%
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*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of April 1, 2016 using the following actuarial assumptions applied to all measurement periods:

Valuation Date	4/1/2016
Inflation	2.5%
Projected Salary Increases	4.8%
Investment Rate of Return	6.75%
Mortality Rate	RP 2000 Mortality Table with Blue Collar Adjustment projected to 2017



**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Police Pension Plan** (continued)

Each Board of Trustees (Board) is responsible for administering the investment policies of the Plans and providing oversight for the management of the Plans' assets. The investment strategy of each Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy for each plan requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension plans' target asset allocations as of March 31, 2016 are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long Term Expected Real Rate of Return</u></b>
Cash	16.01%	0.60%
US Government Bonds	1.98%	1.25%
US Credit Bonds	13.85%	2.76%
US Mortgages	4.84%	2.37%
US Equities	40.27%	5.22%
Foreign Developed Equities	11.43%	5.66%
Emerging Market Equities	1.35%	7.79%
Global Equities	10.27%	5.29%

*Discount Rate:*

The discount rate used to measure the total pension liability was 6.75% for Police Pension. The projection of cash flow used to determine the discount rate assumed that the funding policy is to amortize the unfunded liability over 24 years from April 1, 2016. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Police Pension Plan** (continued)

*Sensitivity of Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Pension Plan calculated using the discount rates listed above, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, or 1-percentage-point higher than the current rate:

	<b><u>1% Decrease</u></b>	<b><u>Current Rate</u></b>	<b><u>1% Increase</u></b>
Discount Rate	5.75%	6.75%	7.75%
Net Pension Liability	\$ 38,837,401	\$ 29,793,059	\$ 22,404,905

The following presents the changes in Town's net pension liability for the Police Pension Plan:

Total Pension Liability	
Service Cost	\$ 1,273,633
Interest on total pension liability	3,912,848
Effect of plan changes	-
Effect of economic/demographic gains or losses	851,185
Effect of assumptions changes or inputs	-
Benefit payments, including refunds	<u>(2,623,460)</u>
Net Change in Total Pension Liability	3,414,206
Total Pension Liability – Beginning	<u>57,984,800</u>
Total Pension Liability – Ending (A)	<u>\$ 61,399,006</u>
Plan Fiduciary Net Position	
Contributions – Employer	\$ 1,739,249
Contributions – Member	603,082
Investment income net of investment expenses	(215,281)
Benefit payments, including refunds	(2,623,460)
Administrative expenses	<u>(28,238)</u>
Net Change Fiduciary Net Position	(524,648)
Plan Fiduciary Net Position - Beginning	<u>32,130,595</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 31,605,947</u>
Net Pension Liability (A) – (B)	\$ 29,793,059
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.48%
Covered Employee Payroll	\$ 6,039,796
Net Pension Liability as a Percentage of Covered Employee Payroll	493.28%

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Police Pension Plan** (continued)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended March 31, 2016 the Town will recognize a pension expense of \$3,039,855. On March 31, 2016 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 739,187	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	<u>1,899,061</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 2,638,248</u></b>	<b><u>\$ -</u></b>

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b><u>Year Ending</u></b>	<b><u>Net Deferred Outflows of Resources</u></b>
2017	\$ 586,763
2018	586,763
2019	586,763
2020	586,764
2021	111,998
Thereafter	<u>179,197</u>
Total	<b><u>\$ 2,638,248</u></b>

**Fire Pension Plan**

Plan Description

The Fire Pension Plan is a single-employer defined benefit pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Town accounts for the plan as a pension trust fund. The plan is administered by a Board of Trustees which acts as the administrator of the plan.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Fire Pension Plan** (continued)

Plan Description (continued)

The Board for the Fire Pension Plan consists of five Trustees, two of whom are appointed by the Mayor, two of whom are members of the system who are elected by a majority of the Firefighters who are members of the system, and a fifth trustee who is elected by and from the retired/disabled members of the fund. Each Trustee serves a three year term. Each person employed by The Town Fire Department as a full-time Firefighter becomes a member of the Plan as a condition of his or her employment. All Firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

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

At March 31, 2016 the Fire Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and	
terminated employees entitled to but not yet receiving benefits	43
Current employees:	
Vested	38
Nonvested	<u>27</u>
<b>Total</b>	<b><u>108</u></b>

The Fire 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 of one-half of the monthly salary attached to the rank held on the date of retirement. The pension shall be increased by 1/12 of 2.5 percent of such monthly salary for each additional month over 20 years of service through 30 years of service. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.45% of their base salary to the Firefighters' 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 Town is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Administrative costs are financed through investment earnings.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Fire Pension Plan** (continued)

Plan Description (continued)

Under Public Act 96-1495, the annual requirements of the pension fund are to be determined as a level percent of payroll sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities by the year 2040.

Net Pension Liability

The components of the net pension liability of the Fire Pension Plan as of March 31, 2016 is as follows:

Total Pension Liability	\$ 50,278,467
Plan Fiduciary Net Position	<u>27,672,681</u>
Net Pension Liability	<u>\$ 22,605,786</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.04%
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*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of April 1, 2016 using the following actuarial assumptions applied to all measurement periods:

Valuation Date	4/1/2016
Inflation	2.5%
Projected Salary Increases	4.8%
Investment Rate of Return	7.0%
Mortality Rate	RP 2000 Mortality Table with Blue Collar Adjustment projected to 2017

Each Board of Trustees (Board) is responsible for administering the investment policies of the Plans and providing oversight for the management of the Plans' assets. The investment strategy of each Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy for each plan requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Fire Pension Plan** (continued)

**Net Pension Liability** (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension plans' target asset allocations as of March 31, 2016 are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long Term Expected Real Rate of Return</u></b>
Cash	9.44%	.60%
US Government Bonds	6.87%	1.25%
US Credit Bonds	11.74%	2.76%
US Mortgages	18.47%	2.37%
US Equities	34.71%	5.22%
Foreign Developed Equities	9.45%	5.66%
Emerging Market Equities	1.46%	7.79%
Global Equities	7.86%	5.29%

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75% for Fire Pension. The projection of cash flow used to determine the discount rate assumed that the funding policy is to amortize the unfunded liability over 24 years from April 1, 2016. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Fire Pension Plan** (continued)

**Net Pension Liability** (continued)

*Sensitivity of Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the Pension Plan calculated using the discount rates listed above, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, or 1-percentage-point higher than the current rate:

	<b><u>1% Decrease</u></b>	<b><u>Current Rate</u></b>	<b><u>1% Increase</u></b>
Discount Rate	5.75%	6.75%	7.75%
Net Pension Liability	\$ 29,353,956	\$ 22,605,786	\$ 17,014,466

The following presents the changes in Town's net pension liability for Fire Pension Plan:

Total Pension Liability	
Service Cost	\$ 1,273,633
Interest on total pension liability	3,324,485
Effect of plan changes	-
Effect of economic/demographic gains or losses	(1,219,248)
Effect of assumptions changes or inputs	-
Benefit payments, including refunds	(2,122,167)
Net Change in Total Pension Liability	1,256,703
Total Pension Liability - Beginning	49,021,764
Total Pension Liability - Ending (A)	<u>\$ 50,278,467</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 1,528,405
Contributions - Member	462,784
Investment income net of investment expenses	(151,972)
Benefit payments, including refunds	(2,122,167)
Administrative expense	(13,890)
Net Change in Plan Fiduciary Net Position	(296,840)
Plan Fiduciary Net Position - Beginning	27,969,521
Plan Fiduciary Net Position - Ending (B)	<u>\$ 27,672,681</u>
Net Pension Liability (A) - (B)	<u>\$ 22,605,786</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.04%
Covered Employee Payroll	\$ 4,811,685
Net Pension Liability as a Percentage of Covered Employee Payroll	469.81%

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 7 - PENSION PLANS (CONTINUED)**

**B. Defined Benefit Single-Employer Pension Plans (Continued)**

**Fire Pension Plan** (continued)

**Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions**

For the year ended March 31, 2016 The Town will recognize a pension expense of \$2,512,685. On March 31, 2016 The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$(1,058,821)
Changes of assumptions	-	-
Net difference between projected and actual earnings	1,628,084	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 1,628,084</u></b>	<b><u>\$(1,058,821)</u></b>

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<b><u>Year Ending</u></b>	<b><u>Net Deferred Outflows of Resources</u></b>
2017	\$ 246,594
2018	246,594
2019	246,594
2020	246,594
2021	(160,427)
Thereafter	<u>(256,686)</u>
Total	<b><u>\$ 569,263</u></b>



**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 8 - JOINT VENTURES**

**Connect Transit**

The Town, together with the City of Bloomington (City), participates in the Connect Transit (Connect), whose purpose is to provide public transportation within the corporate limits of the two governmental entities. Connect engages in a wide variety of activities necessary for operation of a transit system. The governing board is divided between City and Town representatives and is funded primarily through federal and state governmental assistance. Other revenue sources include fares and contractual fees. Any deficits incurred by Connect are to be made up by the City and Town in accordance with a prescribed formula. In accordance with the joint governing agreement, the Town remitted \$424,036 to Connect during the year ended March 31, 2016. The Town has no equity interest nor does the Town materially contribute to the continued existence of Connect. The Town's interests are other than financial.

Connect's fiscal year end is June 30. Separate audited financial statements for Connect are available by contacting Mr. Andrew Johnson, General Manager, Connect Transit, 351 Wylie Drive, Normal, IL, 61761.

**Metcom Centralized Communications Center**

The Town, together with McLean County (County), participates in the Metcom Centralized Communications Center (Center), whose purpose is to provide the means necessary and appropriate for the establishment, operation, and maintenance of a joint nonemergency police, fire, and other nonemergency services communication system for the mutual benefit of the members of the venture. The governing board is divided between County and Town representatives and is funded primarily through contributions from the members and other contractual fees for service provided to other governmental units. In accordance with the joint governing agreement, the Town remitted \$887,843 to the Center during the year ended March 31, 2016. The Town has no equity interest.

The Center's fiscal year end is December 31. Separate audited financial statements for the Center are available as part of the McLean County financial statements by contacting the Office of the County Administrator, P.O. Box 2400, Bloomington, IL 61702-2400.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 9 - RISK MANAGEMENT**

**Municipal Insurance Cooperative Agency**

The Town is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets, errors, and omissions; injuries to employees; and natural disasters. During fiscal year 1986, the Town entered the Municipal Insurance Cooperative Agency (MICA). MICA is a public entity risk pool operating a common risk management and insurance program for its member governments. MICA provides coverage to its members with the following limits: \$400 million on property claims, \$15 million on general liability claims, and \$550,000 on crime claims. MICA provides coverage on workman's compensation claims on amounts in excess of \$750,000. MICA purchases commercial insurance for coverage in excess of the self-insured reserve (SIR) limits. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The following Town funds make payments to MICA based on experience factors as determined by MICA: General, Water, and Sewer. Premium payments to MICA are accounted for as current year expenditures/expenses in the financial statements of the Town.

**Health and Dental Insurance Fund**

The Town is exposed to risks of loss related to illnesses of employees. The Town is self-insured for these risks. The Town accounts for the self-insured activities in the Health and Dental Insurance Fund (Fund), which is accounted for as an internal service fund. The Fund provides coverage up to a maximum \$150,000 per occurrence with no aggregate stop-loss limit and has supplemental per-occurrence coverage for all amounts over \$150,000 with a commercial carrier. The Town establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. A liability for a claim is established if information indicates that it is probable a liability has been incurred and the amount of the loss is reasonably estimable. The amount of settlements has not exceeded this coverage in any of the past three fiscal years.

**Unpaid Claims Liabilities**

The following represents the changes in approximate liabilities for the aggregate Town from April 1, 2014 to March 31, 2016:

Liability for unpaid health/dental claims April 1, 2014	\$ 263,641
Incurred claims	4,442,594
Claim payments	<u>(4,397,681)</u>
Liability for unpaid health/dental claims March 31, 2015	308,554
Incurred claims	4,974,744
Claim payments	<u>(4,971,457)</u>
<b>Liability for unpaid health/dental claims March 31, 2016</b>	<b><u>\$ 311,841</u></b>

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 10 - MAJOR CUSTOMERS**

Charges for services in the Water Fund for the year ended March 31, 2016 included charges to Illinois State University for \$1,074,620, which accounted for more than 10 percent of the total charges for services in this fund.

Consumer's accounts receivable due from Illinois State University was \$160,681 for the Water Fund as of March 31, 2016.

Charges for services in the Sewer Fund for the year ended March 31, 2016 included charges to Illinois State University for \$242,253, which accounted for more than 10 percent of the total charges for services in this fund.

Consumer's accounts receivable due from Illinois State University was \$31,704 for the Sewer Fund as of March 31, 2016.

**NOTE 11 - COMMITMENTS**

**Construction Commitments**

At fiscal year end, the Town had the following construction commitments:

Multimodal Pedestrian Overpass	\$ 238,607
2014 Sidewalks	3,515
University Street Bridge (Virginia to Division)	101,391
Raab Road (Airport to North Pointe)	176,813
Ironwood Tennis Courts	121,910
2014-15 Sump Pump Drainage Program	19,167
Sugar Creak Stream Bank Stabilization	203,449
Airport Rd Sanitary Sewer Lining	34,000
Raab Rd – NCHS to Towanda Barnes	346,830
Airport Rd/Shepard Rd Traffic Signal	256,089
Water Main Replacement	38,380
Sanitary Sewer Master Plan	39
Ironwood Sanitary Sewer Force Main	47,135
2014-15 Street Resurfacing	58,835
Storm Sewer Crossing at Broadway	151,731
Water Treatment Plant Generator	329,350
Storm Sewer Crossing at College	<u>135,198</u>
<b>Total construction commitments</b>	<b><u>\$ 2,262,439</u></b>

Additional commitments for other projects through the date of the audit report total approximately \$12 million, including water main replacements, railroad station improvements, and the new fire station.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 11 - COMMITMENTS (CONTINUED)**

**Operating Leases**

The Town leases a police substation. The Town pays monthly installments of \$1,350 for the period from June 2012 through May 2013, and \$1,360 monthly for the period from June 2013 through May 2014. The lease matures on May 31, 2014 and was extended with an additional term commencing from June 1, 2014 and expiring on May 31, 2016. The monthly payments are \$1,400. The Town made lease payments of \$16,800 for the year ended March 31, 2016.

The Town is obligated under agreements to lease two Mitsubishi electric cars. The leases are effective for 36 months beginning June 30, 2015. The Town pays cumulative monthly installments of \$345. The Town made lease payments of \$3,107 for the year ended March 31, 2016.

The following is a schedule by years of future minimum rental payments required under the operating leases:

<b>Year Ending</b> <b><u>March 31,</u></b>	<b><u>Amount</u></b>
2017	\$ 36,026
2018	36,026
2019	<u>18,919</u>
<b>Total</b>	<b><u>\$ 90,971</u></b>

**NOTE 12 - CONTINGENCIES**

**Federal and State Grants**

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Arbitrage**

In accordance with the federal tax code, the Town calculates an estimated arbitrage rebate liability relating to the General Obligation Bonds. At March 31, 2016, no balance is reflected as a liability in the financial statements for future amounts that may be incurred.

**Other**

The Town is a defendant in lawsuits, which are currently being defended by the Town. The Town currently cannot estimate a probable outcome or potential liability; however, the Town believes that any liability from these lawsuits, if any, after applicable insurance coverage, would not have a material effect on the financial statements.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 13 - COMPONENT UNIT - NORMAL PUBLIC LIBRARY**

**Deposits and Investments**

The Normal Public Library (the Library) follows the investment policy of the Town to invest in obligations of the U.S. Treasury and other U.S. agencies, banker's acceptance, repurchase agreements, commercial paper, mutual funds, and the Illinois Funds. See Note 2 for additional disclosures regarding cash and investments.

Deposits

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions, the Library follows the Town's policy as described in Note 2. At March 31, 2016, none of the Library's deposits were exposed to custodial credit risk.

Investments

As of March 31, 2016, the Library had the following investments and maturities of debt securities:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>				<u>Rating</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>&gt; 10</u>	
IMET						
Liquidating trust	\$ 53,199	\$ 53,199	\$ -	\$ -	\$ -	N/A
Money Market						
US Bank	402,460	402,460	-	-	-	N/A
US Gov't Issues						
US Bank	2,007,539	267,778	1,739,761	-	-	AA+ (S&P)
Certificate of Deposits						
US Bank	1,141,527	277,094	864,433	-	-	N/A
Municipal Issues						
US Bank	79,291	79,291	-	-	-	AA (S&P)

Illinois Metropolitan Investment Fund (IMET) is a nonprofit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Town will not be able to recover the value of its investments that are in possession of an outside party. IMET funds are not subject to custodial credit risk.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 13 - COMPONENT UNIT - NORMAL PUBLIC LIBRARY (CONTINUED)**

**Property Taxes**

Property taxes receivable represents the 2015 levy that is due and collectible in the 2016-2017 fiscal year. The 2015 levy was adopted in November 2015. Property taxes attach as an enforceable lien on the property as of January 1 and are due and collectible in June and September of the fiscal year following the 2015 tax levy. For the Library, these property taxes are not available for current year operations and are, therefore, shown as deferred inflows. No allowance is provided for uncollectible taxes, which is immaterial to the financial statements. The 2016 levy has not been recorded as a receivable in accordance with GASB Statement No. 33, *Accounting for Nonexchange Transactions*. While the levy attached as a lien as of January 1, 2016, the taxes will not be levied by the Town or extended by the County until December 2016 and, therefore, the amount is not measurable at March 31, 2016.

**Capital Assets**

During the year ended March 31, 2016, Library capital assets acquisitions and disposals were as follows:

	<b>Balances</b> <b><u>April 1</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b>Balances</b> <b><u>March 31</u></b>
Capital assets not being depreciated:				
Land	\$ 126,211	\$ -	\$ -	\$ 126,211
Total capital assets not being depreciated	<u>126,211</u>	<u>-</u>	<u>-</u>	<u>126,211</u>
Capital assets being depreciated:				
Buildings and improvements	2,654,735	172,713	-	2,827,448
Equipment	<u>2,516,919</u>	<u>-</u>	<u>-</u>	<u>2,516,919</u>
Total capital assets being depreciated	<u>5,171,654</u>	<u>172,713</u>	<u>-</u>	<u>5,344,367</u>
Total capital assets	<u>5,297,865</u>	<u>172,713</u>	<u>-</u>	<u>5,470,578</u>
Less accumulated depreciation for:				
Buildings and improvements	1,593,808	73,018	-	1,666,826
Equipment	<u>2,386,335</u>	<u>37,040</u>	<u>-</u>	<u>2,423,375</u>
Total accumulated depreciation	<u>3,980,143</u>	<u>110,058</u>	<u>-</u>	<u>4,090,201</u>
<b>Total capital assets, net of accumulated depreciation</b>	<b><u>\$ 1,317,722</u></b>	<b><u>\$ 62,655</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,380,377</u></b>

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 13 - COMPONENT UNIT - NORMAL PUBLIC LIBRARY (CONTINUED)**

**Summary Financial Information**

The following is summary fund financial information for the Normal Public Library for the fiscal year ended March 31, 2016, on a modified accrual basis reconciled to full-accrual:

	<b><u>General Fund</u></b>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 134,260
Investments, at fair value	3,684,016
Receivables:	
Property taxes	3,770,000
Interest	7,106
Other	25,243
Due from other Government agencies	40,467
<b>Total assets</b>	<b><u>\$ 7,661,092</u></b>
Liabilities:	
Accounts and contracts payable	\$ 78,880
Accrued liabilities	84,202
<b>Total liabilities</b>	<b><u>163,082</u></b>
Deferred inflows:	
Deferred property tax	<u>3,770,000</u>
Fund balances:	
Restricted for library development	546,364
Unrestricted	<u>3,181,646</u>
<b>Total fund balances</b>	<b><u>3,728,010</u></b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b><u>\$ 7,661,092</u></b>
Reconciliation to the Statement of Net Position:	
Total component unit fund balance	\$ 3,728,010
Capital assets	1,380,377
Deferred outflows related to pension liability	421,735
Long-term compensated absences payable	(94,445)
Pension liability-IMRF	(1,424,513)
Other postemployment benefits	(1,220,565)
	<b><u>\$ 2,790,599</u></b>

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 13 - COMPONENT UNIT - NORMAL PUBLIC LIBRARY (CONTINUED)**

**Summary Financial Information (Continued)**

Revenues:	
Property taxes	\$ 3,659,305
Other taxes	128,893
Operating grants and contributions	40,468
Charges for services	67,425
Investment income	36,443
Miscellaneous	<u>14,035</u>
Total revenues	<u>3,946,569</u>
Expenditures:	
Current operating:	
Culture and recreation	<u>3,613,859</u>
Total expenditures	<u>3,613,859</u>
Revenue over (under) expenditures	<u>\$ 332,710</u>
Reconciliation to the Statement of Activities:	
Net change in fund balance	\$ 332,710
Depreciation expense	(110,058)
Pension expense-IMRF	<u>(61,437)</u>
Change in net position of component unit	<u>\$ 161,215</u>



**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 14 - CONDUIT DEBT OBLIGATIONS**

From time to time, the Town has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of March 31, 2016, there were two Series 2010 Solid Waste Disposal Revenue bonds outstanding with an aggregate principal amount payable of approximately \$3,767,000. There was also Series 2015 Economic Development Revenue bonds outstanding with an aggregate principal amount payable of approximately \$2,292,523.

**NOTE 15 - STATEMENT OF NET POSITION DETAILS (GOVERNMENTAL ACTIVITIES)**

Due from other governmental agencies consists of the following as of March 31, 2016:

Due from State of Illinois	<u>\$ 7,192,183</u>
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**NOTE 16 - OTHER REQUIRED DISCLOSURES**

**Expenditures in Excess of Budget and Deficit Fund Balances**

The following funds had expenditures in excess of budgeted amounts for the year ended March 31, 2016:

-Motor Fuel Tax Fund

No funds had a deficit fund balance for the year ended March 31, 2016.

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 17 - OPERATING LEASE RECEIVABLE**

In January 2014, the Town entered into a lease agreement with Illinois State University whereby the Town agrees to lease to them building space. The term of the lease is \$1,900,000 for five years at a 4 percent interest rate. Rental payments are \$410,376 annually, with the first rental payment occurring in April 2015 for the period of March 2015 – February 2016.

Future minimum lease principal payments receivable under leases in effect as of March 31, 2016 total \$1,489,624 and are scheduled to be collected as follows:

During the fiscal years ending:

2017	\$ 350,792
2018	364,823
2019	379,416
2020	<u>394,593</u>

<b>Total</b>	<b><u>\$1,489,624</u></b>
--------------	---------------------------

The cost and accumulated depreciation of the building space under lease at March 31, 2016 is as follows:

Cost	\$2,767,841
Accumulated depreciation	<u>(147,372)</u>
	<b><u>\$2,620,469</u></b>

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE 18 - RESTATEMENTS OF NET POSITION**

New Pension Standard

The Town adopted a new accounting standard to conform to generally accepted accounting principles. The statement adopted requiring restatement of net position was Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These pronouncements require the restatement of the March 31, 2016, net position of the governmental activities, business type activities, Water Fund, Sewer Fund, and library component unit, as shown below.

Net position has been restated as follows related to these changes:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Business-Type Activities- Water</u>	<u>Business Type Activities- Sewer</u>	<u>Component Unit-Library</u>
Net position, beginning of year, as previously reported	\$ 99,436,304	\$ 42,610,658	\$ 28,514,586	\$ 10,119,669	\$ 3,570,724
Adjustment for beginning net pension liability and deferred outflows of resources	<u>(56,915,271)</u>	<u>(1,854,154)</u>	<u>(1,454,798)</u>	<u>(399,356)</u>	<u>(941,340)</u>
<b>Net position, beginning of year, as restated</b>	<u><b>\$ 42,521,033</b></u>	<u><b>\$ 40,756,504</b></u>	<u><b>\$ 27,059,788</b></u>	<u><b>\$ 9,720,313</b></u>	<u><b>\$ 2,629,384</b></u>

This information is an integral part of the accompanying financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF NORMAL, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF CHANGES IN THE**  
**NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICE PENSION PLAN (in 1,000s)**  
**(Unaudited)**

The following presents the changes in employer's net pension liability for the **Police Pension Plan**:

Fiscal Year Ended, March 31,	<u><b>2016</b></u>	<u><b>2015</b></u>
Total Pension Liability		
Service Cost	\$ 1,274	\$ 1,161
Interest	3,913	3,912
Difference in expected and actual experiences	-	-
Changes of assumptions/methods	-	-
Effect of liability gains or losses	850	201
Benefit payments, including refunds	<u>(2,623)</u>	<u>(2,426)</u>
Net Change in Total Pension Liability	3,414	2,848
Total Pension Liability - Beginning	<u>57,985</u>	<u>55,137</u>
Total Pension Liability – Ending (A)	<u><u>\$ 61,399</u></u>	<u><u>\$ 57,985</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,739	\$ 1,661
Contributions - Employee	602	580
Net investment income	(215)	1,690
Benefit payments, including refunds	(2,623)	(2,426)
Administrative expense	<u>(28)</u>	<u>(24)</u>
Net Change in Plan Fiduciary Net Position	(525)	1,481
Plan Fiduciary Net Position - Beginning	<u>32,131</u>	<u>30,650</u>
Plan Fiduciary Net Position – Ending (B)	<u><u>\$ 31,606</u></u>	<u><u>\$ 32,131</u></u>
Net Pension Liability (A) – (B)	<u><u>\$ 29,793</u></u>	<u><u>\$ 25,854</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.48%	55.41%
Covered Employee Payroll	\$ 6,040	\$ 6,058
Net Pension Liability as a Percentage of Covered Employee Payroll	493.28%	426.79%

Additional years will be added to this schedule annually until 10 years of data is presented.

**TOWN OF NORMAL, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN THE  
NET PENSION LIABILITY AND RELATED RATIOS  
FIREFIGHTER'S PENSION PLAN (in 1000s)  
(Unaudited)**

The following presents the changes in employer's net pension liability for the **Firefighter Pension Plan**:

Fiscal Year Ended March 31,	<u><b>2016</b></u>	<u><b>2015</b></u>
Total Pension Liability		
Service Cost	\$ 1,274	\$ 1,262
Interest	3,324	3,192
Difference in expected and actual experiences	-	-
Changes of assumptions/methods	(1,219)	(452)
Effect of liability gain or losses	-	-
Benefit payments, including refunds	<u>(2,122)</u>	<u>(1,978)</u>
Net Change in Total Pension Liability	1,257	2,024
Total Pension Liability - Beginning	<u>49,022</u>	<u>46,998</u>
Total Pension Liability – Ending (A)	<u><u>\$ 50,279</u></u>	<u><u>\$ 49,022</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 1,528	\$ 1,387
Contributions - Employee	463	442
Net investment income	(152)	1,493
Benefit payments, including refunds	(2,122)	(1,978)
Administrative expense	<u>(14)</u>	<u>(11)</u>
Net Change in Plan Fiduciary Net Position	(297)	1,333
Plan Fiduciary Net Position - Beginning	<u>27,970</u>	<u>26,637</u>
Plan Fiduciary Net Position – Ending (B)	<u><u>\$ 27,673</u></u>	<u><u>\$ 27,970</u></u>
Net Pension Liability (A) – (B)	<u><u>\$ 22,606</u></u>	<u><u>\$ 21,052</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.04%	57.06%
Covered Employee Payroll	\$ 4,812	\$ 4,674
Net Pension Liability as a Percentage of Covered Employee Payroll	469.81%	450.42%

Additional years will be added to this schedule annually until 10 years of data is presented.

**TOWN OF NORMAL, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**ILLINOIS MUNICIPAL RETIREMENT PLAN**  
**(Unaudited)**

The following presents the changes in employer net pension liability for IMRF:

	<b><u>2015</u></b>
Calendar Year Ended December 31,	
Total Pension Liability	
Service cost	\$ 1,695,572
Interest on the total pension liability	6,108,482
Changes of benefit terms	-
Differences between expected and actual experience of the total pension liability	223,364
Changes of assumptions	113,994
Benefit payments, including refunds	<u>(3,316,361)</u>
Net Change in Total Pension Liability	4,825,051
Total Pension Liability – Beginning	<u>82,474,263</u>
Total Pension Liability – Ending (A)	<u><u>\$ 87,299,314</u></u>
Plan Fiduciary Net Position	
Contributions – Employer	\$ 2,069,286
Contributions – Employees	722,123
Net investment income	354,238
Benefit payments, including refunds	(3,316,361)
Other (Net Transfer)	<u>(390)</u>
Net Change in Plan Fiduciary Net Position	(171,104)
Plan Fiduciary Net Position – Beginning	<u>71,110,092</u>
Plan Fiduciary Net Position – Ending (B)	<u><u>\$ 70,938,988</u></u>
Net Position Liability – Ending (A) - (B)	<u><u>\$ 16,360,326</u></u>
Plan Fiduciary Net Position as a Percentage Of the Total Pension Liability	81.46%
Covered Valuation Payroll	\$ 15,866,458
Net Pension Liability as a Percentage of Covered Valuation Payroll	103.11%

Additional years will be added to the schedule annually until 10 years of data is presented.

**TOWN OF NORMAL, ILLINOIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF EMPLOYER CONTRIBUTIONS – PENSION PLANS**  
**(Unaudited)**

**Last 10 Fiscal Years**

**IMRF \***

<b>Ended December 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2015	\$ 2,053,120	\$ 2,069,286	\$ (16,166)	\$15,866,458	13.04%
2014	2,000,205	2,020,269	(20,064)	15,590,062	12.96%

**Police Pension Plan**

<b>Fiscal Year Ended March 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2016	\$ 1,735,246	\$ 1,739,249	\$ (4,003)	\$ 6,039,796	28.80%
2015	1,652,435	1,660,621	(8,186)	6,057,894	27.41%
2014	1,339,855	1,404,941	(65,086)	5,651,432	24.86%
2013	1,398,538	1,392,033	6,505	5,568,551	25.00%
2012	1,310,713	1,347,634	(36,921)	5,158,720	26.12%
2011	1,145,208	1,349,141	(203,933)	5,227,568	25.81%
2010	1,011,489	1,331,772	(320,283)	4,909,981	27.12%
2009	938,106	1,318,482	(380,376)	4,692,590	28.10%
2008	920,589	1,299,735	(379,146)	4,491,039	28.94%
2007	801,734	1,180,853	(379,119)	4,316,027	27.36%

**Fire Pension Plan**

<b>Fiscal Year Ended March 31</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2016	\$ 1,524,439	\$ 1,528,405	\$ (3,966)	\$ 4,811,685	31.76%
2015	1,378,339	1,386,559	(8,220)	4,673,927	29.67%
2014	1,086,570	1,097,770	(11,200)	4,570,653	24.02%
2013	1,030,497	1,020,279	10,218	4,422,104	23.07%
2012	1,270,889	1,308,830	(37,941)	4,260,346	30.72%
2011	1,170,232	1,254,337	(84,105)	4,108,796	30.53%
2010	996,294	1,232,953	(236,659)	3,944,638	31.26%
2009	882,463	1,134,302	(251,839)	3,679,234	30.83%
2008	807,530	1,112,098	(304,568)	3,510,200	31.68%
2007	798,282	1,069,607	(271,325)	3,248,545	32.93%

\*Additional years will be added to this schedule annually until 10 years of data is presented.



**TOWN OF NORMAL, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS – OPEB  
(Unaudited)**

**OTHER POST-EMPLOYMENT BENEFITS – RETIREE HEALTH INSURANCE**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Unfunded AAL as % of Covered Payroll</b>
4/1/2015	\$ -	\$40,697,187	\$ 40,697,187	0%	\$15,954,352	255.09%
4/1/2014	-	38,292,753	38,292,753	0%	17,179,132	222.90%
4/1/2013	-	36,658,000	36,658,000	0%	17,661,608	207.56%
4/1/2012	-	27,284,000	27,284,000	0%	18,014,398	151.46%
4/1/2011	-	25,892,000	25,892,000	0%	17,823,794	145.27%
4/1/2010	-	14,457,000	14,457,000	0%	16,375,489	88.28%
4/1/2009	-	13,666,000	13,666,000	0%	15,608,231	87.56%
4/1/2008	-	14,076,000	14,076,000	0%	15,016,649	93.74%

Information for years prior to 4/1/08 is not available as the Town implemented Governmental Accounting Standards Board Statement No. 45 for fiscal year 2009.

**TOWN OF NORMAL, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF INVESTMENT RETURNS  
POLICE AND FIREFIGHTER'S PENSION PLANS  
(Unaudited)**

The following presents the annual money-weighted rate of return, net of investment expenses:

<u>*Police Pension</u>	
<u>Fiscal Year</u> <u>Ended March 31</u>	<u>Rate</u>
2016	1.57%
2015	8.52%

<u>*Firefighters' Pension</u>	
<u>Fiscal Year</u> <u>Ended</u>	<u>Rate</u>
2016	2.15%
2015	8.74%

\*Additional years will be added to this schedule until 10 years of data is presented.

## TOWN OF NORMAL, ILLINOIS

GENERAL FUND  
REQUIRED SUPPLEMENTARY INFORMATIONSCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2016

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 690,900	\$ 619,016	\$ 666,875	\$ 47,859
Taxes:				
Property	7,588,000	7,588,000	7,584,482	(3,518)
Local motor fuel tax	450,000	835,000	713,456	(121,544)
Local sales	9,399,000	10,565,000	10,585,588	20,588
Vehicle use tax	470,000	485,000	517,360	32,360
Local liquor	880,000	825,000	772,256	(52,744)
Food/beverage	2,284,500	2,458,000	2,490,778	32,778
Road and bridge	364,000	364,050	357,869	(6,181)
Utility	4,845,500	4,614,000	4,414,624	(199,376)
Franchise	979,200	979,200	1,096,326	117,126
Hotel/motel	1,321,000	1,218,000	1,228,655	10,655
Off track betting	91,800	110,000	126,201	16,201
Foreign fire insurance	33,000	44,329	44,329	-
Intergovernmental:				
State income tax	6,068,000	6,901,000	6,806,574	(94,426)
State sales tax	9,090,000	9,055,000	8,874,526	(180,474)
State replacement tax	246,000	275,000	266,620	(8,380)
State and federal grants	13,000	34,866	30,840	(4,026)
Charges for services	9,876,057	9,941,390	9,797,703	(143,687)
Fines and fees	1,755,800	1,663,616	1,699,349	35,733
Investment income (loss)	73,720	114,900	181,158	66,258
Miscellaneous	3,399,029	3,224,500	2,922,106	(302,394)
 Total revenues	 59,918,506	 61,914,867	 61,177,675	 (737,192)
 <b>EXPENDITURES</b>				
Current:				
General government:				
Mayor and Council	\$ 136,005	\$ 161,208	\$ 146,387	\$ 14,821
Administration	1,681,777	1,661,412	1,541,167	120,245
Town Clerk	307,942	317,460	297,616	19,844
Corporation Counsel	468,251	465,973	422,438	43,535
Boards and Commissions	42,460	53,667	48,467	5,200

## TOWN OF NORMAL, ILLINOIS

GENERAL FUND  
REQUIRED SUPPLEMENTARY INFORMATIONSCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2016

	Budget			
	Original	Final	Actual	Variance
EXPENDITURES (CONTINUED)				
Current (Continued):				
General government (Continued):				
Facility management	\$ 1,968,684	\$ 2,454,510	\$ 2,334,417	\$ 120,093
Finance	1,997,893	2,037,893	1,967,869	70,024
Information technology	2,188,755	2,357,891	2,290,738	67,153
Human resources	488,600	479,609	463,717	15,892
Purchasing	2,160	2,160	2,160	-
Equipment maintenance	845,668	842,236	829,708	12,528
Total general government	10,128,195	10,834,019	10,344,684	489,335
Public safety:				
Police Department	12,288,911	12,444,726	12,365,943	78,783
Fire Department	8,521,524	8,522,910	8,522,070	840
Fire Prevention Department	212,461	215,687	213,653	2,034
Foreign Fire Tax	33,500	77,931	16,073	61,858
Inspection Department	1,243,427	1,231,340	1,231,264	76
Total public safety	22,299,823	22,492,594	22,349,003	143,591
Highway and streets:				
Public Works	4,417,631	4,096,498	3,715,254	381,244
Engineering Division	1,053,624	1,025,132	1,013,623	11,509
Road and Bridge Division	877,450	174,191	174,191	-
Total highway and streets	6,348,705	5,295,821	4,903,068	392,753
Sanitation:				
Waste Department	2,393,822	2,125,173	2,015,567	109,606

## TOWN OF NORMAL, ILLINOIS

GENERAL FUND  
REQUIRED SUPPLEMENTARY INFORMATIONSCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2016

	Budget			
	Original	Final	Actual	Variance
EXPENDITURES (CONTINUED)				
Current (Continued):				
Culture and recreation:				
Administration Division	\$ 1,377,186	\$ 1,284,595	\$ 1,254,795	\$ 29,800
Parks Division	3,292,143	3,353,547	3,150,570	202,977
Recreation/before and after school programs	441,169	447,652	394,573	53,079
Recreation/athletic programs	327,590	295,768	287,474	8,294
Recreation/youth programs	273,450	248,333	234,641	13,692
Recreation/teen programs	129,420	141,070	115,255	25,815
Recreation/special events	16,536	16,536	10,948	5,588
Aquatics	933,490	898,801	832,146	66,655
Softball Tournament	171,405	128,029	122,453	5,576
Community Activity Center	47,050	46,690	34,870	11,820
Normal Theater	297,199	301,364	275,836	25,528
Children's Discovery Museum	1,303,182	1,190,366	1,188,706	1,660
Golf course	310,323	296,962	283,247	13,715
Golf course maintenance	509,295	429,177	384,696	44,481
Total culture and recreation	9,429,438	9,078,890	8,570,210	508,680
Community development:				
General Improvements Division	3,988,079	4,321,020	4,321,016	4
Public Benefits Division	72,225	75,617	75,532	85
Total community development	4,060,304	4,396,637	4,396,548	89
Total expenditures	54,660,287	54,223,134	52,579,080	1,644,054
Excess of revenues over expenditures	5,258,219	7,691,733	8,598,595	906,862

## TOWN OF NORMAL, ILLINOIS

GENERAL FUND  
REQUIRED SUPPLEMENTARY INFORMATIONSCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2016

	Budget		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES</b>				
<b>(USES)</b>				
Transfers in	\$ 5,916,479	\$ 6,841,769	\$ -	\$ (6,841,769)
Transfers out	(10,630,723)	(11,116,364)	(4,272,276)	6,844,088
Proceeds from sale of land	<u>-</u>	<u>-</u>	<u>46,800</u>	<u>46,800</u>
Total other financing sources (uses)	<u>(4,714,244)</u>	<u>(4,274,595)</u>	<u>(4,225,476)</u>	<u>49,119</u>
Net change in fund balance	<u>\$ 543,975</u>	<u>\$ 3,417,138</u>	4,373,119	<u>\$ 955,981</u>
<b>FUND BALANCE, BEGINNING</b>			<u>24,097,084</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 28,470,203</u>	

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**MARCH 31, 2016**

**NOTE 1 - BUDGETARY DATA**

**A. Budget Policy and Practice**

The Town adopts annual budgets for all funds except for the Enterprise Funds (Water Fund, Sewer Fund, and Storm Water Management Fund) and the Internal Service Fund (Health and Dental Insurance Fund). The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to February 1, the City Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to March 31, the annual operating budget is legally enacted through passage of an ordinance. Passage of the annual budget is done in lieu of an appropriation ordinance as permitted by the Illinois Compiled Statutes.

**B. Budgetary Control**

Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. Budget transfers between departments within any fund can be made with a majority vote of the Town Council. The Town Council must approve any revisions that alter the total expenditures of any fund. The level of control (level at which expenditures may not exceed budget) is the department total, not the individual line items.

The Town Council, by a majority vote, may amend the legally adopted budget when unexpected modifications are required in the estimated revenues and expenditures. The Council throughout the year approved revisions to the budget in this manner. These changes are reflected in the budgetary figures included in the accompanying financial statements. Individual amendments were not material in relation to the original appropriations, which were amended.

**C. Basis of Accounting**

All budgets are adopted on a modified accrual basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year end.





**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**March 31, 2016**

**NOTE 2 - SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE\* (CONTINUED)**

B. Police Pension Plan

Valuation Date	4/1/16												
Actuarial Cost Method	Entry Age Normal												
Amortization Method	Level percent, closed												
Remaining Amortization Period	24 Years as of April 1, 2016												
Amortization Growth Rate	4.80%												
Asset Valuation Method	Market value												
Inflation	2.50% per year												
Salary Increases	3.00% per year until the assumed retirement age												
Investment Rate of Return	6.75% per year												
Retirement Age	Rates of retirement for age 50 to 65 were used.												
	<table> <tr> <th><u>Age</u></th><th><u>Rate of Retirement</u></th></tr> <tr> <td>50</td><td>.150</td></tr> <tr> <td>55</td><td>.400</td></tr> <tr> <td>60</td><td>.526</td></tr> <tr> <td>65</td><td>.789</td></tr> <tr> <td>70</td><td>1.000</td></tr> </table>	<u>Age</u>	<u>Rate of Retirement</u>	50	.150	55	.400	60	.526	65	.789	70	1.000
<u>Age</u>	<u>Rate of Retirement</u>												
50	.150												
55	.400												
60	.526												
65	.789												
70	1.000												
Mortality	RP2000 Mortality Table, with Blue Collar Adjustment, projected to 2017												
Termination Rates	See table below												
Disability Rates	See table below. It is assumed that 100% of disability retirements and pre-retirement deaths are service related.												

<u>Age</u>	<u>Rate of Termination</u>	<u>Age</u>	<u>Rate of Disability</u>
25	.075	25	.0005
30	.050	30	.0022
35	.030	35	.0026
40	.020	40	.0040
45	.020	45	.0065
50 and over	.035	50	.0095
		55	.0130
		60	.0165
		65 and over	.0200

**TOWN OF NORMAL, ILLINOIS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**March 31, 2016**

**NOTE 2 - SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE  
CALCULATION OF THE 2015 CONTRIBUTION RATE\* (CONTINUED)**

C. Fire Pension Plan

Valuation Date	4/1/16												
Actuarial Cost Method	Entry Age Normal												
Amortization Method	Level percent, closed												
Remaining Amortization Period	24 Years as of April 1, 2016												
Amortization Growth Rate	4.80%												
Asset Valuation Method	Market value												
Inflation	2.5% per year												
Salary Increases	3.0% per year until the assumed retirement age.												
Investment Rate of Return	6.75% per year												
Retirement Age	Rates of retirement for age 50 to 65 were used.												
	<table> <tr> <th><u>Age</u></th><th><u>Rate of Retirement</u></th></tr> <tr> <td>50</td><td>.15</td></tr> <tr> <td>55</td><td>.40</td></tr> <tr> <td>60</td><td>.526</td></tr> <tr> <td>65</td><td>.789</td></tr> <tr> <td>70</td><td>1.000</td></tr> </table>	<u>Age</u>	<u>Rate of Retirement</u>	50	.15	55	.40	60	.526	65	.789	70	1.000
<u>Age</u>	<u>Rate of Retirement</u>												
50	.15												
55	.40												
60	.526												
65	.789												
70	1.000												
Mortality	RP2000 Mortality Table, with Blue Collar Adjustment, projected to 2017												
Termination Rates	See table below												
Disability Rates	See table below												

<u>Age</u>	<u>Rate of Termination</u>	<u>Age</u>	<u>Rate of Disability</u>
25	.034	25	.002
30	.026	30	.002
35	.018	35	.002
40	.011	40	.003
45	.006	45	.004
50 and over	.003	50	.006
		55	.011
		60	.018
		65	.030

This information is an integral part of the accompanying financial statements

**TOWN OF NORMAL, ILLINOIS**

**FIRE STATION CAPITAL INVESTMENT FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

**Year Ended March 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 2,219	\$ 2,219
<b>EXPENDITURES</b>				
Current:				
Public safety				
Fire Department	-	-	-	-
Community development				
Contract payments	-	-	-	-
Total expenses	-	-	-	-
<b>OTHER FINANCING SOURCES</b>				
Issuance of bonds, at par	2,776,000	9,479,103	8,724,498	754,605
Bond premium	-	-	754,604	(754,604)
Total other financing sources	2,776,000	9,479,103	9,479,102	1
Net change in fund balance	\$ -	\$ 9,479,103	9,481,321	\$ 2,218
<b>FUND BALANCE, BEGINNING</b>			-	
<b>FUND BALANCE, ENDING</b>			\$ 9,481,321	

**TOWN OF NORMAL, ILLINOIS**

**UPTOWN TIF FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

**Year Ended March 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property tax	\$ 1,479,000	\$ 1,497,695	\$ 1,496,973	\$ (722)
Investment income	<u>450</u>	<u>450</u>	<u>255</u>	<u>(195)</u>
Total revenue	<u>1,479,450</u>	<u>1,498,145</u>	<u>1,497,228</u>	<u>(917)</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>118,960</u>	<u>101,927</u>	<u>95,142</u>	<u>6,785</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(1,360,490)</u>	<u>(1,396,262)</u>	<u>(1,399,163)</u>	<u>(2,901)</u>
Total other financing uses	<u>(1,360,490)</u>	<u>(1,396,262)</u>	<u>(1,399,163)</u>	<u>(2,901)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (44)</u>	2,923	<u>\$ 2,967</u>
<b>FUND BALANCE, BEGINNING</b>			<u>44</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 2,967</u>	

**TOWN OF NORMAL, ILLINOIS**

**2016A REFUNDING BOND FUND**

**SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

**Year Ended March 31, 2016**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 4	\$ 4
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Bond issuance costs	-	110,855	110,855	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	209,542	209,542	-
Issuance of bonds, at par	-	9,409,357	8,740,000	669,357
Payment to refund bond escrow agent	-	(9,294,310)	(9,294,310)	-
Bond premium	-	-	669,357	(669,357)
Total other financing sources	-	324,589	324,589	-
Net change in fund balance	\$ -	\$ 213,734	213,738	\$ 4
<b>FUND BALANCE, BEGINNING</b>			-	
<b>FUND BALANCE, ENDING</b>			\$ 213,738	

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
March 31, 2016**

	<b>Special Revenue</b>			
	<b><u>Motor Fuel Tax</u></b>	<b><u>Community Development</u></b>	<b><u>Fed Equity Sharing</u></b>	<b><u>Park Land Dedication</u></b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,208,110	\$ 1,000	\$ 29,555	\$ 116,524
Investments at fair value	1,765,412	-	-	-
Receivables:				
Property taxes	-	-	-	-
Interest	3,456	-	-	-
Other	-	2,502	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,976,978</b>	<b>\$ 3,502</b>	<b>\$ 29,555</b>	<b>\$ 116,524</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts and contracts payable	\$ 54,392	\$ 2,500	\$ -	\$ -
Total liabilities	<u>54,392</u>	<u>2,500</u>	<u>-</u>	<u>-</u>
Deferred inflows:				
Subsequent year property taxes	-	-	-	-
Total liabilities and deferred inflows	<u>54,392</u>	<u>2,500</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Debt service	-	-	-	-
TIF redevelopment	-	-	-	-
Law enforcement	-	-	29,555	-
Highways and streets	3,922,586	-	-	-
Community development	-	1,002	-	-
Committed to:				
Recreation	-	-	-	116,524
Assigned to:				
Encumbrances	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total fund balances	<u>3,922,586</u>	<u>1,002</u>	<u>29,555</u>	<u>116,524</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 3,976,978</b>	<b>\$ 3,502</b>	<b>\$ 29,555</b>	<b>\$ 116,524</b>

Capital Projects			
<u>Capital Investment</u>	<u>Hotel Dev. and Fire Station</u>	<u>Main and Osage TIF</u>	<u>One Normal Plaza</u>
\$ 828,124	\$ 337,240	\$ 326,556	\$ 55,498
1,015,554	4,001,710	-	-
-	-	696,266	13,664
1,975	-	-	-
42,734	-	-	-
<u>\$ 1,888,387</u>	<u>\$ 4,338,950</u>	<u>\$ 1,022,822</u>	<u>\$ 69,162</u>
<u>\$ 1,533</u>	<u>\$ 129,022</u>	<u>\$ 196,105</u>	<u>\$ -</u>
<u>1,533</u>	<u>129,022</u>	<u>196,105</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>696,266</u>	<u>13,664</u>
<u>1,533</u>	<u>129,022</u>	<u>892,371</u>	<u>13,664</u>
-	-	-	-
-	-	130,451	55,498
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
329,184	-	-	-
-	-	-	-
<u>1,557,670</u>	<u>4,209,928</u>	<u>-</u>	<u>-</u>
<u>1,886,854</u>	<u>4,209,928</u>	<u>130,451</u>	<u>55,498</u>
<u>\$ 1,888,387</u>	<u>\$ 4,338,950</u>	<u>\$ 1,022,822</u>	<u>\$ 69,162</u>

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
March 31, 2016**

	<b>Debt Service</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009A</b>
	<b><u>Bond Fund</u></b>	<b><u>Bond Fund</u></b>	<b><u>Bond Fund</u></b>	<b><u>Bond Fund</u></b>	<b><u>Bond Fund</u></b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 1,102,719	\$ 463,264	\$ 238,705
Investments at fair value	-	-	-	-	-
Receivables:					
Property taxes	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,102,719</u></b>	<b><u>\$ 463,264</u></b>	<b><u>\$ 238,705</u></b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
Liabilities:					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows:					
Subsequent year property taxes	-	-	-	-	-
Total liabilities and deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted for:					
Debt service	-	-	1,102,699	462,875	238,705
TIF redevelopment	-	-	-	-	-
Law enforcement	-	-	-	-	-
Highways and streets	-	-	-	-	-
Community development	-	-	-	-	-
Committed to:					
Recreation	-	-	-	-	-
Assigned to:					
Encumbrances	-	-	-	-	-
Debt service	-	-	20	389	-
Capital projects	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>1,102,719</u>	<u>463,264</u>	<u>238,705</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,102,719</u></b>	<b><u>\$ 463,264</u></b>	<b><u>\$ 238,705</u></b>



Debt Service							
2009 Bond Fund	2010A Bond Fund	2012 Refunding Bond Fund	SSA College Hills Bond Fund	2013 Refunding Bond Fund	2014 Bond Fund	2016B Bond Fund	Total
\$ 959,138	\$ 68,367	\$ 238,944	\$ 1,047,880	\$ 516,928	\$ 691,308	\$ 260,749	\$ 9,490,609
-	-	-	-	-	-	-	6,782,676
-	-	-	492,420	-	-	-	1,202,350
-	-	-	-	-	-	-	5,431
-	-	-	-	-	-	-	45,236
<u>\$ 959,138</u>	<u>\$ 68,367</u>	<u>\$ 238,944</u>	<u>\$ 1,540,300</u>	<u>\$ 516,928</u>	<u>\$ 691,308</u>	<u>\$ 260,749</u>	<u>\$ 17,526,302</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 403,552
-	-	-	-	-	-	20,000	403,552
-	-	-	492,420	-	-	-	1,202,350
-	-	-	492,420	-	-	20,000	1,605,902
958,425	68,367	238,225	-	516,222	691,047	240,749	4,517,314
-	-	-	-	-	-	-	185,949
-	-	-	-	-	-	-	29,555
-	-	-	-	-	-	-	3,922,586
-	-	-	-	-	-	-	1,002
-	-	-	-	-	-	-	116,524
-	-	-	-	-	-	-	329,184
713	-	719	1,047,880	706	261	-	1,050,688
-	-	-	-	-	-	-	5,767,598
<u>959,138</u>	<u>68,367</u>	<u>238,944</u>	<u>1,047,880</u>	<u>516,928</u>	<u>691,308</u>	<u>240,749</u>	<u>15,920,400</u>
<u>\$ 959,138</u>	<u>\$ 68,367</u>	<u>\$ 238,944</u>	<u>\$ 1,540,300</u>	<u>\$ 516,928</u>	<u>\$ 691,308</u>	<u>\$ 260,749</u>	<u>\$ 17,526,302</u>

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES**

Year Ended March 31, 2016

	Special Revenue			
	<u>Motor Fuel Tax</u>	<u>Community Development</u>	<u>Fed Equity Sharing</u>	<u>Park Land Dedication</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,346,810	278,697	19,743	-
Charges for services	-	-	-	11,250
Investment income (loss)	22,567	-	7	32
Miscellaneous	-	2,920	-	-
Total revenues	<u>1,369,377</u>	<u>281,617</u>	<u>19,750</u>	<u>11,282</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Highway and streets	2,256,114	-	5,390	-
Culture and recreation	-	-	-	31,378
Community development	-	282,651	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,256,114</u>	<u>282,651</u>	<u>5,390</u>	<u>31,378</u>
Revenue over (under) expenditures	<u>(886,737)</u>	<u>(1,034)</u>	<u>14,360</u>	<u>(20,096)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(78,095)	-	-	-
Issuance of bonds, at par	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>(78,095)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(964,832)	(1,034)	14,360	(20,096)
<b>FUND BALANCES - BEGINNING</b>	<u>4,887,417</u>	<u>2,036</u>	<u>15,195</u>	<u>136,620</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,922,585</u>	<u>\$ 1,002</u>	<u>\$ 29,555</u>	<u>\$ 116,524</u>

Capital Projects			
<u>Capital Investment</u>	<u>Hotel Dev. and Fire Station</u>	<u>Main and Osage TIF</u>	<u>One Normal Plaza</u>
\$ -	\$ -	\$ 298,374	\$ 13,495
-	-	-	-
-	-	-	-
11,721	2,951	79	-
<u>324,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>336,393</u>	<u>2,951</u>	<u>298,453</u>	<u>13,495</u>
70,312	-	236,104	5,350
953	400,236	-	-
755,571	-	-	-
23,215	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>850,051</u>	<u>400,236</u>	<u>236,104</u>	<u>5,350</u>
<u>(513,658)</u>	<u>(397,285)</u>	<u>62,349</u>	<u>8,145</u>
550,000	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
36,342	(397,285)	62,349	8,145
<u>1,850,512</u>	<u>4,607,213</u>	<u>68,103</u>	<u>47,353</u>
<u>\$ 1,886,854</u>	<u>\$ 4,209,928</u>	<u>\$ 130,452</u>	<u>\$ 55,498</u>

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES**

Year Ended March 31, 2016

	<b>Debt Service</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b><u>Bond Fund</u></b>	<b><u>Bond Fund</u></b>	<b><u>Bond Fund</u></b>	<b><u>Bond Fund</u></b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	4	53	132	61
Miscellaneous	-	-	-	-
Total revenues	<u>4</u>	<u>53</u>	<u>132</u>	<u>61</u>
<b>EXPENDITURES</b>				
Current:				
General government	750	750	750	750
Highway and streets	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal	140,303	250,000	351,095	-
Interest and fiscal charges	<u>2,808</u>	<u>403,620</u>	<u>892,167</u>	<u>462,875</u>
Total expenditures	<u>143,861</u>	<u>654,370</u>	<u>1,244,012</u>	<u>463,625</u>
Revenue over (under) expenditures	<u>(143,857)</u>	<u>(654,317)</u>	<u>(1,243,880)</u>	<u>(463,564)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	741	255,053	1,103,118	463,469
Transfers out	-	-	-	-
Issuance of bonds, at par	-	-	-	-
Payment to refunded bond escrow agent	<u>-</u>	<u>(255,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>741</u>	<u>53</u>	<u>1,103,118</u>	<u>463,469</u>
Net change in fund balance	(143,116)	(654,264)	(140,762)	(95)
<b>FUND BALANCES - BEGINNING</b>	<u>143,116</u>	<u>654,264</u>	<u>1,243,481</u>	<u>463,359</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,102,719</u>	<u>\$ 463,264</u>

**Debt Service**

<b>2009A Bond Fund</b>	<b>2009 Bond Fund</b>	<b>2010A Bond Fund</b>	<b>2012 Refunding Bond Fund</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
30	72	8	32
<u>115,165</u>	<u>-</u>	<u>48,882</u>	<u>-</u>
<u>115,195</u>	<u>72</u>	<u>48,890</u>	<u>32</u>
750	750	750	750
-	-	-	-
-	-	-	-
-	-	-	-
-	645,000	-	-
<u>354,000</u>	<u>319,625</u>	<u>116,865</u>	<u>238,225</u>
<u>354,750</u>	<u>965,375</u>	<u>117,615</u>	<u>238,975</u>
<u>(239,555)</u>	<u>(965,303)</u>	<u>(68,725)</u>	<u>(238,943)</u>
247,533	959,557	72,104	239,055
-	-	-	-
-	-	-	-
-	-	-	-
<u>247,533</u>	<u>959,557</u>	<u>72,104</u>	<u>239,055</u>
7,978	(5,746)	3,379	112
<u>230,727</u>	<u>964,884</u>	<u>64,988</u>	<u>238,832</u>
<u>\$ 238,705</u>	<u>\$ 959,138</u>	<u>\$ 68,367</u>	<u>\$ 238,944</u>

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES**

Year Ended March 31, 2016

	<b>Debt Service</b>				
	<b>SSA College Hills Bond Fund</b>	<b>2013 Refunding Bond Fund</b>	<b>2014 Bond Fund</b>	<b>2016B Bond Fund</b>	<b>Total</b>
<b>REVENUES</b>					
Taxes	\$ 497,944	\$ -	\$ -	\$ -	\$ 809,813
Intergovernmental	-	-	-	-	1,645,250
Charges for services	-	-	-	-	11,250
Investment income	1,564	95	53	-	39,461
Miscellaneous	-	48,691	-	-	540,330
Total revenues	<u>499,508</u>	<u>48,786</u>	<u>53</u>	<u>-</u>	<u>3,046,104</u>
<b>EXPENDITURES</b>					
Current:					
General government	10,000	-	750	-	328,516
Highway and streets	-	-	-	-	2,662,693
Culture and recreation	-	-	-	-	786,949
Community development	-	-	-	-	305,866
Debt service:					
Principal	400,000	254,961	-	-	2,041,359
Interest and fiscal charges	345,263	232,954	352,736	110,502	3,831,640
Total expenditures	<u>755,263</u>	<u>487,915</u>	<u>353,486</u>	<u>110,502</u>	<u>9,957,023</u>
Revenue over (under) expenditures	<u>(255,755)</u>	<u>(439,129)</u>	<u>(353,433)</u>	<u>(110,502)</u>	<u>(6,910,919)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	249,343	467,525	691,745	240,749	5,539,992
Transfers out	-	-	-	-	(78,095)
Issuance of bonds, at par	-	-	-	110,502	110,502
Payment to refunded bond escrow agent	-	-	-	-	(255,000)
Total other financing sources (uses)	<u>249,343</u>	<u>467,525</u>	<u>691,745</u>	<u>351,251</u>	<u>5,317,399</u>
Net change in fund balance	(6,412)	28,396	338,312	240,749	(1,593,520)
<b>FUND BALANCES - BEGINNING</b>	<u>1,054,292</u>	<u>488,532</u>	<u>352,996</u>	<u>-</u>	<u>17,513,920</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,047,880</u>	<u>\$ 516,928</u>	<u>\$ 691,308</u>	<u>\$ 240,749</u>	<u>\$ 15,920,400</u>

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Year Ended March 31, 2016

	Special Revenue					
	Motor Fuel Tax		Community Development		Fed Equity Sharing	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,362,180	1,346,810	400,162	278,697	19,520	19,743
Charges for services	-	-	-	-	-	-
Investment income	15,200	22,567	-	-	10	7
Miscellaneous	-	-	2,920	2,920	-	-
Total revenues	<u>1,377,380</u>	<u>1,369,377</u>	<u>403,082</u>	<u>281,617</u>	<u>19,530</u>	<u>19,750</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	24,400	-
Highway and streets	2,203,218	2,256,114	-	-	-	5,390
Culture and recreation	-	-	-	-	-	-
Community development	-	-	739,573	282,651	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>2,203,218</u>	<u>2,256,114</u>	<u>739,573</u>	<u>282,651</u>	<u>24,400</u>	<u>5,390</u>
Revenue over (under) expenditures	<u>(825,838)</u>	<u>(886,737)</u>	<u>(336,491)</u>	<u>(1,034)</u>	<u>(4,870)</u>	<u>14,360</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(78,096)	(78,095)	-	-	-	-
Issuance of bonds, at par	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	<u>(78,096)</u>	<u>(78,095)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (903,934)</u>	<u>(964,832)</u>	<u>\$ (336,491)</u>	<u>(1,034)</u>	<u>\$ (4,870)</u>	<u>14,360</u>
<b>FUND BALANCES - BEGINNING</b>		<u>4,887,417</u>		<u>2,036</u>		<u>15,195</u>
<b>FUND BALANCES - ENDING</b>		<u>\$ 3,922,585</u>		<u>\$ 1,002</u>		<u>\$ 29,555</u>

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Year Ended March 31, 2016

	<b>Special Revenue</b>		<b>Capital Projects</b>			
	<b>Park Land Dedication</b>		<b>Capital Investment</b>		<b>Hotel Development &amp; Fire Station</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	294,000	-	-	-
Charges for services	17,550	11,250	-	-	-	-
Investment income (loss)	20	32	8,700	11,721	1,400	2,951
Miscellaneous	-	-	324,672	324,672	-	-
Total revenues	<u>17,570</u>	<u>11,282</u>	<u>627,372</u>	<u>336,393</u>	<u>1,400</u>	<u>2,951</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	175,160	70,312	-	-
Public safety	-	-	-	-	500,000	400,236
Highway and streets	-	-	-	953	-	-
Culture and recreation	31,379	31,378	1,028,329	755,571	-	-
Community development	-	-	432,642	23,215	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>31,379</u>	<u>31,378</u>	<u>1,636,131</u>	<u>850,051</u>	<u>500,000</u>	<u>400,236</u>
Revenue over (under) expenditures	<u>(13,809)</u>	<u>(20,096)</u>	<u>(1,008,759)</u>	<u>(513,658)</u>	<u>(498,600)</u>	<u>(397,285)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	550,000	550,000	-	-
Transfers out	-	-	-	-	-	-
Issuance of bonds, at par	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (13,809)</u>	<u>(20,096)</u>	<u>\$ (458,759)</u>	<u>36,342</u>	<u>\$ (498,600)</u>	<u>(397,285)</u>
<b>FUND BALANCES - BEGINNING</b>		<u>136,620</u>		<u>1,850,512</u>		<u>4,607,213</u>
<b>FUND BALANCES - ENDING</b>		<u>\$ 116,524</u>		<u>\$ 1,886,854</u>		<u>\$ 4,209,928</u>



Capital Projects			
Main and Osage TIF		One Normal Plaza	
Final Budget	Actual	Final Budget	Actual
\$ 298,374	\$ 298,374	\$ 13,413	\$ 13,495
-	-	-	-
60	79	3	-
-	-	-	-
<u>298,434</u>	<u>298,453</u>	<u>13,416</u>	<u>13,495</u>
366,537	236,104	54,465	5,350
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>366,537</u>	<u>236,104</u>	<u>54,465</u>	<u>5,350</u>
<u>(68,103)</u>	<u>62,349</u>	<u>(41,049)</u>	<u>8,145</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (68,103)</u>	<u>62,349</u>	<u>\$ (41,049)</u>	<u>8,145</u>
	<u>68,103</u>		<u>47,353</u>
	<u>\$ 130,452</u>		<u>\$ 55,498</u>

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Year Ended March 31, 2015

	<b>Debt Service</b>			
	<b>2005 Bond Fund</b>		<b>2006 Bond Fund</b>	
	<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	5	4	125	53
Miscellaneous	-	-	-	-
Total revenues	<u>5</u>	<u>4</u>	<u>125</u>	<u>53</u>
<b>EXPENDITURES</b>				
Current:				
General government	750	750	750	750
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal	140,304	140,303	250,000	250,000
Interest and fiscal charges	<u>2,813</u>	<u>2,808</u>	<u>403,620</u>	<u>403,620</u>
Total expenditures	<u>143,867</u>	<u>143,861</u>	<u>654,370</u>	<u>654,370</u>
Revenue over (under) expenditures	<u>(143,862)</u>	<u>(143,857)</u>	<u>(654,245)</u>	<u>(654,317)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	746	741	255,053	255,053
Transfers out	-	-	-	-
Issuance of bonds, at par	-	-	-	-
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>(255,000)</u>	<u>(255,000)</u>
Total other financing sources (uses)	<u>746</u>	<u>741</u>	<u>53</u>	<u>53</u>
Net change in fund balance	<u>\$ (143,116)</u>	<u>(143,116)</u>	<u>\$ (654,192)</u>	<u>(654,264)</u>
<b>FUND BALANCES - BEGINNING</b>		<u>143,116</u>		<u>654,264</u>
<b>FUND BALANCES - ENDING</b>		<u>\$ -</u>		<u>\$ -</u>

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Year Ended March 31, 2016

	<b>Debt Service</b>			
	<b>2007 Bond Fund</b>		<b>2008 Bond Fund</b>	
	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	570	132	280	61
Miscellaneous	-	-	-	-
Total revenues	<u>570</u>	<u>132</u>	<u>280</u>	<u>61</u>
<b>EXPENDITURES</b>				
Current:				
General government	750	750	750	750
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal	351,096	351,095	-	-
Interest and fiscal charges	<u>892,168</u>	<u>892,167</u>	<u>462,875</u>	<u>462,875</u>
Total expenditures	<u>1,244,014</u>	<u>1,244,012</u>	<u>463,625</u>	<u>463,625</u>
Revenue over (under) expenditures	<u>(1,243,444)</u>	<u>(1,243,880)</u>	<u>(463,345)</u>	<u>(463,564)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,103,412	1,103,118	463,612	463,469
Transfers out	-	-	-	-
Issuance of bonds, at par	-	-	-	-
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,103,412</u>	<u>1,103,118</u>	<u>463,612</u>	<u>463,469</u>
Net change in fund balance	<u>\$ (140,032)</u>	<u>(140,762)</u>	<u>\$ 267</u>	<u>(95)</u>
<b>FUND BALANCES - BEGINNING</b>		<u>1,243,481</u>		<u>463,359</u>
<b>FUND BALANCES - ENDING</b>		<u>\$ 1,102,719</u>		<u>\$ 463,264</u>

**Debt Service**

<b>2009A Bond Fund</b>		<b>2009 Bond Fund</b>		<b>2010A Bond Fund</b>		<b>2012 Refunding Bond Fund</b>	
<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Final Budget</b>	<b>Actual</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50	30	54	72	10	8	30	32
<u>116,000</u>	<u>115,165</u>	<u>-</u>	<u>-</u>	<u>49,240</u>	<u>48,882</u>	<u>-</u>	<u>-</u>
<u>116,050</u>	<u>115,195</u>	<u>54</u>	<u>72</u>	<u>49,250</u>	<u>48,890</u>	<u>30</u>	<u>32</u>
750	750	750	750	750	750	750	750
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	645,000	645,000	-	-	-	-
<u>354,000</u>	<u>354,000</u>	<u>319,625</u>	<u>319,625</u>	<u>116,866</u>	<u>116,865</u>	<u>238,225</u>	<u>238,225</u>
<u>354,750</u>	<u>354,750</u>	<u>965,375</u>	<u>965,375</u>	<u>117,616</u>	<u>117,615</u>	<u>238,975</u>	<u>238,975</u>
<u>(238,700)</u>	<u>(239,555)</u>	<u>(965,321)</u>	<u>(965,303)</u>	<u>(68,366)</u>	<u>(68,725)</u>	<u>(238,945)</u>	<u>(238,943)</u>
245,973	247,533	959,616	959,557	71,004	72,104	239,088	239,055
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>245,973</u>	<u>247,533</u>	<u>959,616</u>	<u>959,557</u>	<u>71,004</u>	<u>72,104</u>	<u>239,088</u>	<u>239,055</u>
<u>\$ 7,273</u>	<u>7,978</u>	<u>\$ (5,705)</u>	<u>(5,746)</u>	<u>\$ 2,638</u>	<u>3,379</u>	<u>\$ 143</u>	<u>112</u>
	<u>230,727</u>		<u>964,884</u>		<u>64,988</u>		<u>238,832</u>
	<u>\$ 238,705</u>		<u>\$ 959,138</u>		<u>\$ 68,367</u>		<u>\$ 238,944</u>

**TOWN OF NORMAL, ILLINOIS  
NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Year Ended March 31, 2015

	Debt Service			
	SSA-College Hills		2013 Refunding	
	Bond Fund		Bond Fund	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>				
Taxes	\$ 497,944	\$ 497,944	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,233	1,564	84	95
Miscellaneous	-	-	48,691	48,691
Total revenues	<u>499,177</u>	<u>499,508</u>	<u>48,775</u>	<u>48,786</u>
<b>EXPENDITURES</b>				
Current:				
General government	10,000	10,000	750	-
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Debt service:				
Principal	400,000	400,000	254,961	254,961
Interest and fiscal charges	<u>350,058</u>	<u>345,263</u>	<u>232,956</u>	<u>232,954</u>
Total expenditures	<u>760,058</u>	<u>755,263</u>	<u>488,667</u>	<u>487,915</u>
Revenue over (under) expenditures	<u>(260,881)</u>	<u>(255,755)</u>	<u>(439,892)</u>	<u>(439,129)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	249,343	468,368	467,525
Transfers out	-	-	-	-
Issuance of bonds, at par	-	-	-	-
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>250,000</u>	<u>249,343</u>	<u>468,368</u>	<u>467,525</u>
Net change in fund balance	<u>\$ (10,881)</u>	<u>(6,412)</u>	<u>\$ 28,476</u>	<u>28,396</u>
<b>FUND BALANCES - BEGINNING</b>		<u>1,054,292</u>		<u>488,532</u>
<b>FUND BALANCES - ENDING</b>		<u>\$ 1,047,880</u>		<u>\$ 516,928</u>

Debt Service					
2014		2016B		Total Actual	
Bond Fund		Bond Fund			
\$	-	\$	-	\$	809,813
	-		-		1,645,250
	-		-		11,250
	50		53		39,461
	-		-		540,330
	<u>50</u>		<u>53</u>		<u>3,046,104</u>
	750		750		328,516
	-		-		400,236
	-		-		2,262,457
	-		-		786,949
	-		-		305,866
	-		-		2,041,359
	<u>352,736</u>		<u>352,736</u>		<u>3,831,640</u>
	<u>353,486</u>		<u>353,486</u>		<u>9,957,023</u>
	<u>(353,436)</u>		<u>(353,433)</u>		<u>(6,910,919)</u>
	691,790		691,745		5,539,992
	-		-		(78,095)
	-		110,503		110,502
	<u>-</u>		<u>-</u>		<u>(255,000)</u>
	<u>691,790</u>		<u>351,252</u>		<u>5,317,399</u>
<u>\$</u>	<u>338,354</u>		<u>240,499</u>		(1,593,520)
			<u>352,996</u>		<u>17,513,920</u>
	<u>\$</u>	<u>691,308</u>		<u>\$</u>	<u>15,920,400</u>

**TOWN OF NORMAL, ILLINOIS**  
**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**March 31, 2016**

	<u><b>Police Pension</b></u>	<u><b>Fire Pension</b></u>	<u><b>Total</b></u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 807,902	\$ 1,954,666	\$ 2,762,568
Investments, at fair value:			
Certificates of deposit	4,357,622	950,006	5,307,628
Pooled investment accounts	181,908	377,990	559,898
U.S. Government obligations	2,037,444	6,690,809	8,728,253
Corporate bonds	3,798,008	2,664,038	6,462,046
Mutual funds	16,411,747	12,544,135	28,955,882
Equities	<u>3,883,600</u>	<u>2,437,388</u>	<u>6,320,988</u>
Total investments	<u>30,670,329</u>	<u>25,664,366</u>	<u>56,334,695</u>
Receivables:			
Interest	116,502	43,350	159,852
Taxes	<u>11,477</u>	<u>10,298</u>	<u>21,775</u>
Total receivables	<u>127,979</u>	<u>53,648</u>	<u>181,627</u>
Total assets	31,606,210	27,672,680	59,278,890
<b>LIABILITIES</b>			
Accounts payable	<u>262</u>	<u>-</u>	<u>262</u>
<b>NET POSITION,</b>			
held in trust for pension benefits	<u>\$ 31,605,948</u>	<u>\$ 27,672,680</u>	<u>\$ 59,278,628</u>

**TOWN OF NORMAL, ILLINOIS**

**PENSION TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**Year Ended March 31, 2016**

	<u><b>Police Pension</b></u>	<u><b>Fire Pension</b></u>	<u><b>Total</b></u>
<b>ADDITIONS</b>			
Contributions - Employer	\$ 1,739,249	\$ 1,528,405	\$ 3,267,654
Contributions - Members	<u>603,082</u>	<u>462,784</u>	<u>1,065,866</u>
Total contributions	<u>2,342,331</u>	<u>1,991,189</u>	<u>4,333,520</u>
<b>INVESTMENT INCOME</b>			
Interest	1,428,866	1,142,007	2,570,873
Net appreciation in fair value of investments	<u>(1,599,894)</u>	<u>(1,245,807)</u>	<u>(2,845,701)</u>
Total investment income	(171,028)	(103,800)	(274,828)
Less investment expense	<u>(44,253)</u>	<u>(48,171)</u>	<u>(92,424)</u>
Net investment income	<u>(215,281)</u>	<u>(151,971)</u>	<u>(367,252)</u>
Total additions	<u>2,127,050</u>	<u>1,839,218</u>	<u>3,966,268</u>
<b>DEDUCTIONS</b>			
Pension benefits	2,581,953	2,122,168	4,704,121
Refunds of contributions	41,506	-	41,506
Administrative expenses	<u>28,238</u>	<u>13,890</u>	<u>42,128</u>
Total deductions	<u>2,651,697</u>	<u>2,136,058</u>	<u>4,787,755</u>
Change in net position	(524,647)	(296,840)	(821,487)
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR</b>	<u>32,130,595</u>	<u>27,969,520</u>	<u>60,100,115</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, END OF THE YEAR</b>	<u>\$ 31,605,948</u>	<u>\$ 27,672,680</u>	<u>\$ 59,278,628</u>



**Independent Auditors' Report  
On Compliance With Illinois Municipal Code  
Subsection (q) Section 11-74.4-3 of Public Act 85-1142**

To the Honorable Mayor and Members  
of the City Council  
Town of Normal, Illinois

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Normal, Illinois, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements and have issued our report thereon dated August 24, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Normal, Illinois failed to comply with Subsection (Q) of Section 11-74.4-3 of Public Act 85-1142, insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town's noncompliance with the above-referenced Illinois Municipal Code, insofar as it relates to accounting matters.

This report is intended solely for the information and use of the Mayor and City Council, and Management of Town of Normal and State of Illinois and is not intended to be and should not be used by anyone other than those specified parties.



**CliftonLarsonAllen, LLP**

Champaign, Illinois  
August 24, 2016

## STATISTICAL SECTION

This part of the Town of Normal, Illinois' 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 health.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	143
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	147
Debt Capacity <i>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.</i>	153
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	157
Operating Information <i>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.</i>	160

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Town of Normal  
Net Position by Component, Last Ten Fiscal Years  
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net investment in capital assets	\$ 25,441,947	\$ 48,239,933	\$ 54,726,771	\$ 42,108,859	\$ 73,440,059	\$ 85,153,798	\$ 83,885,157	\$ 78,221,943	\$ 70,920,626	\$ 73,630,486
Restricted	39,871,220	21,409,198	7,454,535	7,839,461	7,104,521	10,306,135	8,080,907	9,193,223	9,862,236	7,679,593
Unrestricted	16,570,530	14,864,267	12,008,892	11,046,381	11,976,771	13,013,776	17,847,991	18,945,648	18,589,471	(39,432,217)
Total governmental activities net position	81,883,697	84,513,398	74,190,198	60,994,701	92,521,351	108,473,709	109,814,055	106,360,814	99,372,333	41,877,862
Business-type activities										
Net investment in capital assets	12,976,024	18,969,682	33,756,507	43,300,053	22,150,440	23,733,914	25,113,044	27,050,837	27,887,722	29,741,952
Restricted	7,843,740	2,129,428	386,080	421,239	425,400	418,829	404,346	424,084	560,910	474,124
Unrestricted	3,607,915	3,904,917	3,239,775	4,551,063	7,233,312	10,172,763	11,395,968	12,825,645	14,162,026	11,982,067
Total business-type activities net position	24,427,679	25,004,027	37,382,362	48,272,355	29,809,152	34,325,506	36,913,358	40,300,566	42,610,658	42,198,143
Primary government										
Net investment in capital assets	38,417,971	67,209,615	88,483,278	85,408,912	95,590,499	108,887,712	108,998,201	105,272,780	98,808,348	103,372,438
Restricted	47,714,960	23,538,626	7,840,615	8,260,700	7,529,921	10,724,964	8,485,253	9,617,307	10,423,146	8,153,717
Unrestricted	20,178,445	18,769,184	15,248,667	15,597,444	19,210,083	23,186,539	29,243,959	31,771,293	32,751,497	(27,450,150)
Total primary government net position	\$ 106,311,376	\$ 109,517,425	\$ 111,572,560	\$ 109,267,056	\$ 122,330,503	\$ 142,799,215	\$ 146,727,413	\$ 146,661,380	\$ 141,982,991	\$ 84,076,005

Town of Normal  
Changes in Position, Last Ten Fiscal Years  
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 9,715,204	\$ 10,059,408	\$ 8,502,594	\$ 8,169,146	\$ 7,355,874	\$ 8,987,446	\$ 8,499,491	\$ 9,983,570	\$ 10,359,603	\$ 11,887,182
Public safety	16,171,447	17,939,635	19,062,410	18,113,034	19,153,746	20,016,690	19,956,493	21,946,719	22,364,245	26,250,522
Highways and streets	5,941,266	3,399,372	3,915,185	3,928,186	6,619,466	7,446,162	3,949,587	8,050,545	8,440,815	9,003,014
Sanitation	1,809,065	1,699,453	2,109,269	1,932,431	1,948,805	2,726,340	2,466,073	2,579,053	2,721,611	2,725,181
Culture and recreation	6,754,258	7,166,480	8,027,254	8,131,327	8,251,206	9,154,801	9,943,768	10,685,144	10,206,287	10,328,476
Community development	3,671,539	9,844,145	9,794,083	11,275,724	6,172,715	4,701,435	14,378,512	6,340,048	13,282,275	6,452,997
Interest on long-term debt	1,975,808	2,947,012	2,828,095	3,768,699	3,732,190	3,858,824	3,838,297	3,588,490	3,610,209	3,787,430
Total governmental activities expenses	46,038,587	53,055,505	54,238,890	55,318,547	53,234,002	56,891,698	63,032,221	63,173,569	70,985,045	70,434,802
Business-type activities:										
Water	5,449,487	6,241,497	6,724,728	6,408,651	6,403,560	6,521,149	7,852,461	7,121,884	7,627,515	7,935,376
Sewer	1,597,208	1,907,194	2,051,822	2,109,445	2,107,287	2,228,001	2,618,653	2,484,103	2,689,987	2,575,247
Stormwater Management	763,704	929,183	756,745	866,756	923,885	1,004,695	1,467,640	1,994,661	1,250,849	1,773,732
Parking Deck	-	-	362,141	678,286	799,084	-	-	-	-	-
Total business-type activities expenses	7,810,399	9,077,874	9,895,436	10,063,138	10,233,816	9,753,845	11,938,754	11,600,648	11,568,351	12,284,355
Total primary government expenses	\$ 53,848,986	\$ 62,133,379	\$ 64,134,326	\$ 65,381,685	\$ 63,467,818	\$ 66,645,543	\$ 74,970,975	\$ 74,774,217	\$ 82,553,396	\$ 82,719,157
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General government	\$ 3,974,895	\$ 5,412,194	\$ 1,845,413	\$ 1,979,443	\$ 1,379,607	\$ 1,514,423	\$ 1,618,041	\$ 1,151,929	\$ 1,923,673	\$ 2,244,032
Public safety	2,956,806	3,237,294	2,736,829	4,347,213	4,614,115	4,397,882	4,161,434	4,514,911	4,178,465	4,184,624
Highway and streets	-	-	-	-	542,800	-	-	-	-	-
Sanitation	721,028	731,903	1,055,501	1,060,965	1,069,742	1,393,221	1,594,871	1,672,774	1,686,015	2,482,524
Culture and recreation	3,279,297	3,443,877	3,391,840	3,530,992	3,662,811	3,842,122	3,741,664	3,996,700	3,689,341	3,767,178
Community development	71,351	26,556	8,830	-	8,423	9,923	17,450	14,322	21,321	20,220
Operating grants and contributions	647,797	508,720	266,887	132,655	507,634	157,198	445,459	803,190	737,380	172,736
Capital grants and contributions	2,280,390	2,954,527	3,250,480	2,262,433	8,621,608	17,543,406	6,770,979	2,098,261	4,463,707	4,749,292
Total governmental activities program revenues	13,931,564	16,315,071	12,555,780	13,313,701	20,406,740	28,858,175	18,349,898	14,252,087	16,699,902	17,620,606
Business-type activities:										
Charges for services:										
Water	6,010,026	6,227,977	6,370,513	7,195,420	8,609,196	8,910,897	9,739,826	10,202,610	9,667,620	9,521,232
Sewer	1,683,970	1,703,235	1,623,832	1,487,505	2,227,626	2,335,756	2,516,159	2,429,034	2,347,080	2,303,811
Stormwater Management	1,463,700	1,788,827	1,743,074	1,776,360	1,818,482	1,798,971	1,811,106	1,845,039	1,850,981	1,878,343
Parking Deck	-	-	54,334	144,331	239,827	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	784,395	-	-	-	-
Total business-type activities program revenues	9,157,696	9,720,039	9,791,753	10,603,616	12,895,131	13,830,019	14,067,091	14,476,683	13,865,681	13,703,386
Total primary government program revenues	\$ 23,089,260	\$ 26,035,110	\$ 22,347,533	\$ 23,917,317	\$ 33,301,871	\$ 42,688,194	\$ 32,416,989	\$ 28,728,770	\$ 30,565,583	\$ 31,323,992
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (32,107,023)	\$ (36,740,434)	\$ (41,683,110)	\$ (42,004,846)	\$ (32,827,262)	\$ (28,033,523)	\$ (44,682,323)	\$ (48,921,482)	\$ (54,285,143)	\$ (52,814,196)
Business-type activities	1,347,297	642,165	(103,683)	540,478	2,661,315	4,076,174	2,128,337	2,876,035	2,297,330	1,419,031
Total primary government net expense	\$ (30,759,726)	\$ (36,098,269)	\$ (41,786,793)	\$ (41,464,368)	\$ (30,165,947)	\$ (23,957,349)	\$ (42,553,986)	\$ (46,045,447)	\$ (51,987,813)	\$ (51,395,165)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 5,217,097	\$ 5,999,807	\$ 5,606,944	\$ 5,824,820	\$ 6,394,398	\$ 6,424,316	\$ 6,427,235	\$ 8,263,883	\$ 9,465,249	\$ 9,891,268
Franchise taxes	466,392	512,071	565,076	788,446	871,036	864,140	936,994	960,736	954,916	1,096,326
Sales taxes	13,703,449	14,297,631	14,110,647	14,118,757	15,694,469	16,819,443	17,625,488	17,409,756	17,995,481	19,460,114
Other taxes	13,626,534	14,586,607	17,090,750	16,516,828	16,857,369	16,454,583	17,708,468	16,383,273	16,274,801	17,738,722
Investment income	2,165,318	2,369,310	744,803	410,837	274,979	158,778	165,002	185,233	(129,320)	382,685
Miscellaneous	1,968,999	33,109	2,561,541	1,219,190	2,357,875	3,264,621	2,746,385	3,173,471	2,609,760	3,601,910
Transfers	(2,424)	1,571,600	(11,821,171)	(10,072,129)	21,646,386	-	-	-	-	-
Gain on sale of assets	70,982	-	178,884	2,600.00	257,400.00	-	413,097	-	189,747	-
Total governmental activities	37,216,347	39,370,135	29,037,474	28,809,349	64,353,912	43,985,881	46,022,669	46,376,352	47,360,634	52,171,025
Business-type activities:										
Investment income	383,994	370,052	63,056	6,189	20,286	22,909	24,971	57,814	(96,974)	(142,978)
Miscellaneous	140,201	1,135,731	597,791	271,202	501,581	417,272	434,544	453,359	109,736	165,585
Transfers	2,424	(1,571,600)	11,821,171	10,072,129	(21,646,386)	-	-	-	-	-
Sale of land	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Total business-type activities	526,619	(65,817)	12,482,018	10,349,520	(21,124,519)	440,181	459,515	511,173	12,762	22,607
Total primary government	\$ 37,742,966	\$ 39,304,318	\$ 41,519,492	\$ 39,158,869	\$ 43,229,393	\$ 44,426,062	\$ 46,482,184	\$ 46,887,525	\$ 47,373,396	\$ 52,193,632
<b>Change in Net Position</b>										
Governmental activities	\$ 4,834,361	\$ 2,629,701	\$ (12,645,636)	\$ (13,195,497)	\$ 31,526,650	\$ 15,952,358	\$ 1,340,346	\$ (2,545,130)	\$ (6,924,509)	\$ (643,171)
Business-type activities	1,873,916	576,348	12,378,335	10,889,998	(18,463,204)	4,516,355	2,587,852	3,387,208	2,310,092	1,441,638
Total primary government	\$ 6,708,277	\$ 3,206,049	\$ (267,301)	\$ (2,305,499)	\$ 13,063,446	\$ 20,468,713	\$ 3,928,198	\$ 842,078	\$ (4,614,417)	\$ 798,467

Town of Normal  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,189	\$ 208,017	\$ 234,880	\$ 190,098	\$ 176,508
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	91,680	831,966	346,650	227,814	578,426
Unassigned	-	-	-	-	-	22,574,151	25,523,850	24,799,504	23,679,172	27,715,269
Reserved	\$ 561,195	\$ 381,619	\$ 292,669	\$ 264,025	\$ 187,725	-	-	-	-	-
Unreserved	11,463,011	12,612,293	12,682,037	12,387,613	16,281,414	-	-	-	-	-
Total general fund	<u>\$ 12,024,206</u>	<u>\$ 12,993,912</u>	<u>\$ 12,974,706</u>	<u>\$ 12,651,638</u>	<u>\$ 16,469,139</u>	<u>\$ 22,818,020</u>	<u>\$ 26,563,833</u>	<u>\$ 25,381,034</u>	<u>\$ 24,097,084</u>	<u>\$ 28,470,203</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	10,306,135	8,080,907	9,102,259	9,862,236	8,872,856
Committed	-	-	-	-	-	201,258	165,113	261,162	136,620	116,524
Assigned	-	-	-	-	-	2,420,837	2,084,427	3,583,310	7,515,108	16,629,046
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	\$ 40,132,547	\$ 7,473,841	\$ 7,797,753	\$ 7,970,340	\$ 8,042,469	-	-	-	-	-
Unreserved, reported in:						-	-	-	-	-
Special revenue funds	3,659,748	4,462,903	3,877,513	3,591,473	2,735,412	-	-	-	-	-
Capital projects funds	5,363,732	17,192,308	7,965,941	5,324,387	4,041,046	-	-	-	-	-
Debt service funds	1,156,866	466,789	641,517	859,618	901,612	-	-	-	-	-
Total all other governmental funds	<u>\$ 50,312,893</u>	<u>\$ 29,595,841</u>	<u>\$ 20,282,724</u>	<u>\$ 17,745,818</u>	<u>\$ 15,720,539</u>	<u>\$ 12,928,230</u>	<u>\$ 10,330,447</u>	<u>\$ 12,946,731</u>	<u>\$ 17,513,964</u>	<u>\$ 25,618,426</u>

Note: GASB 54 was implemented in fiscal year 2012.

Town of Normal  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Taxes	\$ 20,466,079	\$ 21,975,399	\$ 22,922,890	\$ 23,601,945	\$ 25,644,898	\$ 27,244,476	\$ 28,325,999	\$ 28,222,332	\$ 29,336,687	\$ 32,238,710
Licenses and permits	800,385	742,460	1,025,987	829,535	740,201	690,217	663,707	691,003	690,665	666,875
Intergovernmental	15,295,043	16,399,430	17,493,365	16,041,996	23,023,267	31,018,610	21,093,749	17,456,143	17,853,200	17,623,810
Charges for services	5,550,228	6,084,253	6,911,776	6,939,681	7,474,571	8,193,774	8,437,364	9,005,675	8,728,291	9,808,953
Fines and fees	1,344,798	1,436,704	1,163,839	2,047,053	2,212,900	1,984,195	1,806,754	1,994,749	1,686,863	1,699,349
Investment income	2,095,821	2,404,955	666,474	195,456	134,007	81,295	79,497	84,659	(243,707)	223,097
Miscellaneous	2,043,021	2,097,455	2,289,328	2,268,371	2,355,154	3,247,888	3,087,228	2,653,001	2,867,511	3,462,436
Total revenues	47,595,375	51,140,656	52,473,659	51,924,037	61,584,998	72,460,455	63,494,298	60,107,562	60,919,510	65,723,230
<b>Expenditures</b>										
Current operating:										
General government	6,263,106	6,851,731	7,230,603	7,099,957	7,066,800	7,582,362	8,196,949	8,781,933	9,662,047	10,768,342
Public safety	16,213,528	17,615,105	17,799,704	18,288,085	19,031,377	19,085,344	19,247,936	21,106,397	21,392,509	22,349,003
Highways and streets	5,175,500	8,213,482	10,291,019	7,756,907	7,911,175	5,764,536	6,167,381	6,516,734	8,074,343	7,565,761
Sanitation	2,328,267	2,032,857	1,777,436	1,599,855	1,903,112	2,395,238	3,633,978	2,666,584	2,371,722	2,015,567
Culture and recreation	7,416,381	9,141,436	8,129,678	9,048,637	8,469,834	8,110,034	8,495,480	9,615,958	9,513,333	9,357,159
Community development	9,131,672	25,806,528	24,961,488	13,326,138	13,444,262	21,142,413	12,205,835	4,876,357	11,612,698	4,702,414
Debt service:										
Principal	107,035	98,900	98,900	185,557	452,830	1,165,132	1,249,432	1,518,283	1,560,296	2,041,359
Interest and fiscal charges	2,335,297	2,699,563	2,956,833	3,660,236	3,778,205	3,858,824	3,965,147	3,585,830	3,462,960	3,831,640
Bond issuance cost							153,155	115,379	110,855	
Total expenditures	48,970,786	72,459,602	73,245,661	60,965,372	62,057,595	69,103,883	63,162,138	58,821,231	67,765,287	62,742,100
Excess of revenues over (under) expenditures	(1,375,411)	(21,318,946)	(20,772,002)	(9,041,335)	(472,597)	3,356,572	332,160	1,286,331	(6,845,777)	2,981,130
<b>Other financing sources (uses)</b>										
Transfers in	12,077,127	26,202,092	10,675,196	11,236,819	9,112,786	5,422,781	5,551,469	7,429,560	7,335,550	5,749,534
Transfers out	(12,079,551)	(24,630,492)	(10,182,022)	(11,051,021)	(8,960,367)	(5,422,781)	(5,551,469)	(7,429,560)	(7,335,550)	(5,749,534)
Relocation of debt proceeds from proprietary funds	-	-	-	-	-	200,000	262,300	-	-	-
Issuance of bonds, at par	31,111,000	-	10,000,000	15,390,000	1,855,000	-	9,610,000	5,952,359	9,155,000	17,575,000
Bond premium	230,341	-	37,980	627,963	-	-	276,116	667,007	784,313	1,423,961
Payment to refunded bond escrow agent	-	-	-	(10,025,000)	-	-	(9,745,643)	(6,472,211)	-	(9,549,310)
Sale of land	5,000	-	178,884	2,600	257,400	-	413,097	-	189,747	46,800
Total other financing sources (uses)	31,343,917	1,571,600	10,710,038	6,181,361	2,264,819	200,000	815,870	147,155	10,129,060	9,496,451
Net change in fund balances	\$ 29,968,506	\$ (19,747,346)	\$ (10,061,964)	\$ (2,859,974)	\$ 1,792,222	\$ 3,556,572	\$ 1,148,030	\$ 1,433,486	\$ 3,283,283	\$ 12,477,581
Debt service as a percentage of noncapital expenditures	8.62%	18.80%	18.90%	11.07%	7.76%	17.67%	12.54%	10.91%	9.49%	11.27%

Town of Normal, Illinois  
TAX AND INTERGOVERNMENTAL TAX REVENUE BY SOURCE<sup>(1)</sup>  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Year Ended March-31	General Property Tax	Utility Tax	Local Sales Tax <sup>(1)(4)</sup>	Local Liquor Tax <sup>(2)</sup>	Road & Bridge Tax	Franchise Tax	State Income Tax	Sales Tax	Replacement Tax	Motor Fuel Tax	Hotel/ Motel Tax	Food & Beverage Tax <sup>(3)</sup>	Total
2007	5,217,097	4,560,918	6,473,078	489,492	251,874	466,392	4,851,986	7,230,371	380,469	1,493,784	625,276	1,466,147	33,506,884
2008	5,429,773	4,747,780	6,778,094	534,727	271,416	512,071	5,305,820	7,519,537	302,626	1,465,449	867,636	1,580,434	35,315,363
2009	5,606,944	5,029,490	6,620,996	567,623	294,958	565,076	4,603,029	7,489,651	272,799	1,367,049	813,640	1,690,120	34,921,375
2010	5,824,820	4,726,198	6,633,330	642,220	308,444	788,446	4,012,410	7,485,427	238,938	1,305,032	852,464	1,758,960	34,576,689
2011	6,394,398	4,864,840	7,983,052	727,433	323,826	871,036	3,938,798	7,711,417	266,921	1,817,795	997,615	1,914,308	37,811,439
2012	6,424,316	4,761,594	8,759,152	813,504	334,460	864,140	4,258,208	8,060,291	233,308	1,553,651	1,193,918	2,052,862	39,309,404
2013	6,427,235	4,859,239	9,043,019	862,416	337,712	936,994	4,731,057	8,582,469	226,312	1,521,521	1,343,890	2,122,942	40,994,806
2014	6,259,932	4,842,617	8,903,125	846,393	342,222	960,736	5,115,630	8,506,631	253,798	1,583,240	1,332,650	2,155,633	41,102,607
2015	7,339,128	4,629,133	9,104,808	807,599	343,508	954,916	5,141,273	8,890,673	261,139	1,787,560	1,132,974	2,272,666	42,665,377
2016	7,584,482	4,414,624	10,585,588	772,256	357,869	1,096,326	5,594,733	8,874,526	266,620	1,346,810	1,228,655	2,490,778	44,613,265

- (1) The local sales tax rate increased from 1.25% to 1.5% in fiscal year 2010-11.  
(2) The 4% liquor tax went into effect on April 1, 1994.  
(3) The 2% Food and Beverage tax was effective January 1, 2003.  
(4) The local sales tax rate increased from 1.5% to 2.5% in fiscal year 2015-16.

**Town of Normal  
Taxable Sales by Category  
Last Ten Calendar Years**

	<b>Calendar Year</b>									
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>General Merchandise</b>	33.08%	34.08%	26.00%	27.00%	25.00%	29.00%	29.00%	29.00%	28.00%	29.20%
<b>Food</b>	23.95%	24.49%	25.00%	24.00%	24.00%	23.00%	22.00%	20.00%	19.00%	18.80%
<b>Drugs</b>	11.12%	10.29%	10.00%	10.00%	10.00%	10.00%	11.00%	10.00%	10.00%	10.40%
<b>Automobiles</b>	9.87%	10.02%	18.00%	18.00%	16.00%	16.00%	17.00%	19.00%	19.00%	17.10%
<b>Durable Goods</b>	12.85%	12.13%	12.00%	12.00%	13.00%	13.00%	16.00%	16.00%	14.00%	14.20%
<b>Other</b>	9.13%	8.99%	9.00%	9.00%	12.00%	9.00%	5.00%	6.00%	10.00%	10.30%
<b>Total</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The local sales tax rate increased from 1.25% to 1.50% in fiscal year 2010-11.

The local sales tax rate increased from 1.50% to 2.50% in fiscal year 2015-16.

Source: State of Illinois Department of Revenue



Town of Normal  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
*(in thousands of dollars)*

<b>Tax Year</b>	<b>Commercial Property</b>	<b>Residential Property</b>	<b>Farm Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate*</b>
2006	228,165	488,200	871	717,236	0.7581
2007	238,834	511,807	659	751,300	0.7490
2008	252,270	531,755	495	784,520	0.7429
2009	262,157	552,321	289	814,767	0.7848
2010	264,178	557,589	375	822,142	0.7826
2011	266,468	563,420	562	830,450	0.7749
2012	267,674	553,483	529	821,686	0.7627
2013	266,659	552,803	541	820,003	0.8943
2014	265,494	562,248	820	828,562	0.9158
2015	296,319	570,704	839	867,862	0.9250

Source: McLean County Treasurer's Office

\* Tax rates are per \$100 of assessed value.

Town of Normal  
Direct and Overlapping Property Tax Rates  
Last Ten Years  
(rate per \$100 of assessed value)

Tax Year Levied	Town Direct Rates						Overlapping Rates									
	General	IMRF	Fire Pension	Police Pension	Social Security	Total Direct Rate	Town Library	McLean County	Normal Township	Normal Road District	Bloomington- Normal Water Reclamation District	Bloomington- Normal Airport Authority	Unit 5 School District	Heartland Community College	Total Overlapping Rates	Total All Rates
2006	0.22300	0.10460	0.14710	0.17190	0.11150	0.7581	0.3292	0.9193	0.1183	0.0759	0.1530	0.1162	4.4476	0.4066	6.5660	7.3241
2007	0.21296	0.10781	0.14442	0.16798	0.11580	0.7490	0.3391	0.9010	0.1486	0.0809	0.1587	0.1078	4.5325	0.4442	6.7128	7.4618
2008	0.20400	0.10840	0.15100	0.16320	0.11640	0.7430	0.3507	0.8966	0.1493	0.0812	0.1604	0.1101	4.5893	0.4547	6.7923	7.5353
2009	0.19638	0.14875	0.14777	0.15894	0.13292	0.7848	0.3645	0.9069	0.1514	0.0823	0.1648	0.0855	4.6929	0.4591	6.9074	7.6922
2010	0.19461	0.14839	0.15411	0.15837	0.12711	0.7826	0.3951	0.9167	0.1581	0.0859	0.1639	0.0986	4.7638	0.4736	7.0557	7.8383
2011	0.19267	0.16858	0.11873	0.16208	0.13282	0.7749	0.4148	0.9157	0.1650	0.0897	0.1639	0.1549	4.7350	0.4758	7.1148	7.8897
2012	0.13888	0.18864	0.12839	0.16442	0.14239	0.7627	0.4397	0.9117	0.1669	0.0907	0.1640	0.1275	4.8841	0.4826	7.2671	8.0298
2013	0.19512	0.19488	0.16305	0.19537	0.14585	0.8943	0.4465	0.9038	0.2230	0.0910	0.1701	0.1273	5.0070	0.5067	7.4754	8.3697
2014	0.19311	0.18973	0.17826	0.20288	0.15183	0.9158	0.4419	0.9013	0.2280	0.0935	0.1722	0.1366	5.0271	0.5047	7.5053	8.4211
2015	0.19119	0.19095	0.18378	0.20481	0.15427	0.9250	0.4505	0.9184	0.2279	0.0957	0.1745	0.1357	5.0583	0.5405	7.6015	8.5265

Source: McLean County Treasurer's Office

Town of Normal  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed	Rank	Percentage of Total City Taxable	Taxable Assessed	Rank	Percentage of Total City Taxable
	Value		Assessed Value	Value		Assessed Value
SH The Flats Normal, LLC	7,726,036	1	0.92%	-	-	-
Wal-Mart Supercenter	7,683,916	2	0.92%	7,289,016	2	0.97%
Main Street Apartments	6,566,667	3	0.78%	3,744,176	6	0.50%
MCP Uptown Owner	6,500,000	4	0.78%	-	-	-
Mitsubishi Motor Manufacturing of America	5,916,075	5	0.71%	9,113,194	1	1.21%
Meijer's	5,611,180	6	0.67%	-	-	-
Marriott Hotel	4,901,962	7	0.59%	-	-	-
College Hills Mall (Incl Anchor Stores)	4,602,364	8	0.55%	7,805,696	3	1.04%
Factr Properties	4,463,649	9	0.53%	-	-	-
Snyder Corporation	4,143,019	10	0.50%	-	-	-
Ironwood Garden Apartments				\$ 4,161,768	5	0.55%
Menards				3,391,359	8	0.45%
Heartland Ridge				3,170,884	9	0.42%
Borders, Dick's Sporting Goods, etc.				4,784,578	4	0.64%
Sam's Club				3,087,442	10	0.41%
College Station Apartments				3,713,843	7	0.49%
Totals	<u>\$ 58,114,868</u>		<u>6.94%</u>	<u>\$ 35,505,209</u>		<u>4.73%</u>
Town of Normal Assessment Value	<u>\$ 836,864,866</u>			<u>\$ 751,300,159</u>		

**Source:** McLean County Treasurer's Office  
2007 Information - 2007 CAFR

Town of Normal  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended March 31	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	7,430,800	7,404,129	99.64%	489	7,404,618	99.65%
2006	7,798,000	7,791,401	99.92%	253	7,791,654	99.92%
2007	8,175,000	8,142,202	99.60%	12,316	8,154,518	99.75%
2008	8,578,000	8,567,429	99.88%	255	8,567,684	99.88%
2009	9,364,000	9,360,277	99.96%	441	9,360,718	99.96%
2010	9,668,000	9,666,002	99.98%	352	9,666,354	99.98%
2011	9,880,000	9,878,126	99.98%	286	9,878,413	99.98%
2012	9,880,000	9,865,676	99.86%	233	9,865,909	99.86%
2013	10,994,000	10,989,069	99.96%	359	10,989,428	99.96%
2014**	11,511,000	11,236,533	97.62%	496	11,237,029	97.62%

Source: McLean County Treasurer

\*Includes Library

\*\* Levy collected in FY 2015-16

Town of Normal  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities					
Fiscal Year	General Obligation Bonds	SSA Bond	Farm Bureau Note	Land Acquisition Note	Water Bonds	Sewer Bonds	Water EPA Loan	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2007	57,239,124	5,510,000	-	-	3,768,438	4,251,712	2,491,842	73,261,116	3.91%	1,410.68
2008	57,389,558	5,510,000	-	-	4,356,593	3,388,956	2,162,547	72,807,654	3.75%	1,395.37
2009	67,303,630	5,510,000	-	-	4,355,492	3,388,956	1,824,734	82,382,812	4.05%	1,572.43
2010	72,993,461	5,485,000	-	-	4,328,788	3,376,219	2,435,877	88,619,345	4.37%	1,675.27
2011	74,418,761	5,400,000	-	-	4,285,337	3,342,500	3,718,424	91,165,022	4.41%	1,716.64
2012	73,641,760	5,150,000	-	-	4,238,467	3,104,501	2,763,924	88,898,652	4.09%	1,685.06
2013	72,923,947	4,870,000	-	-	4,085,881	2,904,218	2,282,789	87,066,836	4.32%	1,639.65
2014	72,859,119	4,550,000	-	-	4,034,986	2,863,395	2,216,255	86,523,755	3.70%	1,606.46
2015	81,470,668	4,185,000	-	-	3,961,812	2,811,864	2,096,405	94,525,749	3.81%	1,729.21
2016	89,318,375	3,785,000	-	-	3,778,478	2,721,559	1,963,699	101,567,111	4.34%	1,867.97

**Note:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 157 for personal income and population data.

Town of Normal  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Percentage of Taxable Retail Sales	Taxable Retail Sales	Per Capita (2)
2007	57,239,124	10.2%	560,023,400	1,206.00
2008	57,389,558	9.6%	595,395,200	1,204.00
2009	67,303,630	11.1%	607,856,000	1,388.00
2010	72,993,461	11.3%	647,667,100	1,376.00
2011	74,418,761	10.3%	723,037,100	1,398.00
2012	73,641,760	9.2%	801,389,600	1,377.00
2013	72,923,947	8.6%	846,741,400	1,743.92
2014	72,859,119	8.4%	864,329,000	1,677.66
2015	81,470,668	9.2%	881,241,000	1,796.80
2016	89,318,375	10.1%	886,758,019	2,074.08

**Note:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) This amount excludes Water and Sewer as those obligations are paid from non-sales tax revenues.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 157.

Town of Normal  
Direct and Overlapping Governmental Activities Debt  
As of March 31, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Bloomington Normal Airport Authority	\$ 22,855,000	32.1%	\$ 7,334,127
Normal School District #5	141,365,000	39.3%	55,561,808
McLean County	4,111,749	22.4%	919,314
Heartland Community College	76,770,000	23.6%	18,136,372
Subtotal, Overlapping Debt			\$ 81,951,621
Town direct debt			93,103,375
Total direct and overlapping debt			\$ 175,054,996

**Source:** Governmental unit as listed.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the tax base of the Town. The debt outstanding comes from the individual entities' CAFRs.

\* This amount represents the percentage of the listed governmental unit's assessed value that is within the assessed value boundaries of the Town of Normal. The assessed values for all governmental entities listed were obtained from the McLean County Clerk's Office.

TOWN OF NORMAL, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

March 31, 2016

The Town is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property....(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent....indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.

To date, the General Assembly has set no limits for home rule municipalities.



Town of Normal  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2006-2007	51,466	1,736,411,374	33,739	3.2%
2007-2008	51,723	1,864,303,812	36,044	3.7%
2008-2009	51,980	1,935,111,440	37,228	5.3%
2009-2010	52,237	2,030,191,005	38,865	5.6%
2010-2011	52,497	2,041,188,354	38,882	6.2%
2011-2012	52,757	2,147,684,713	40,709	6.5%
2012-2013	52,972	2,215,077,152	41,816	6.7%
2013-2014	53,860	2,339,085,940	43,429	7.0%
2014-2015	54,664	2,478,575,088	45,342	4.2%
2015-2016	54,373	2,341,518,872	43,064	5.8%

**Source:**

1. Population figures were determined by staff using available U.S. Census Bureau information and staff estimates.
2. Per Capita Personal Income obtained from the Bureau of Economic Analysis
3. Unemployment Rate information obtained from the Illinois Department of Employment Security.

Town of Normal  
Principal Employers  
Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State Farm Insurance	14,282	1	21.78%	14,653	1	22.74%
Illinois State University	3,320	2	5.06%	3,121	2	4.84%
Country Insurance and Financial Services	1,910	3	2.91%	2,158	3	3.35%
Unit 5 School District	1,654	4	2.52%	1,785	5	2.77%
Advocate BroMenn Medical center	1,402	5	2.14%	1,514	6	2.35%
OSF-St. Joseph Medical Center	1,364	6	2.08%	956	8	1.48%
McLean County	829	7	1.26%	870	9	1.35%
District 87 Schools	657	8	1.00%	675	10	1.05%
Afni, Inc	765	9	1.17%	1,217	7	1.89%
Heritage Enterprises	596	10	0.91%	420	16	0.65%
Mitsubishi Motor Manufacturing				1,800	4	2.79%
Total Bloomington-Normal Employed	<u>65,564</u>		<u>40.84%</u>	<u>64,444</u>		<u>45.26%</u>

**Source:** Current year information was obtained from Bloomington-Normal Area Convention & Visitors Bureau and Economic Development Council for the Bloomington-Normal Area - 2007 Demographic Profile Report. All information is for the Bloomington-Normal area, as specific data is not available for each municipality separately. Total employed was obtained from the Illinois Department of Employment Security (Illinois Workforce Info Center).

Town of Normal  
Full-time Equivalent Town Government Employees by Function/Program  
Last Ten Fiscal Years

<b><u>Function/Program</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
General Government										
Administration	4	4	4	4	5	5	5	4	5	5
CIRBN								3	3	4
Clerk	2	2	2	2	2	2	2	2	2	2
Corporation Council	3	3	3	3	3	3	3	3	3	3
Marketing & Communications								1	1	1
Facility Management	9	9	8	8	8	9	11	13	13	13
Finance	9	9	9.5	9	9	13	13	13	12	12
Human Resources	4	4	3	3	2	2	3	2	3	3
Information Technology	6	6	5.5	6	6	6	6	6	6	6
Purchasing	2	2	2	2	2					
Uptown									1	1
Public Safety										
Fire										
Firefighters and officers	63	63	63	63	63	63	63	63	63	64
Civilians	4	4	4	4	4	4	4	4	3	3
Police										
Officers	79	79	78	78	78	79	79	79	81	81
Civilians	12	12	14	13	13	13	13	14	12	12
Inspections	16	16	15	11	11	11	11	11	10	10
Highway and Streets										
Engineering	9	9	10	9	9	9	9	9	9	9
Public Works	28	28	27	24	22	23	23	23	23	23
Community Development										
Sanitation	10	10	10	10	10	11	12	12	11	11
Parks and Recreation	37	37	37	38	37	37	39	40	40	40
Library	23	24	27	25	25	24	24	23	23	24
Sewer	11	11	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Water	33	33	32.5	32.5	32.5	32.5	32.5	32.5	32.5	32.5
Total	366	367	369	358	355	360	366	372	371	374

Source: FT Authorized Employees (Budget)

Town of Normal  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Fire</b>										
Ambulance Runs	3,302	3,456	3,531	3,731	4,002	4,269	4,541	4,663	4,699	5,116
Fire Responses	2,077	2,113	2,495	1,384	1,139	1,056	1,189	1,095	1,049	1,050
Inspections	2,768	2,762	2,751	2,531	3,108	2,074	2,056	2,885	2,285	1,694
<b>Police</b>										
Police Arrests	2,224	2,581	2,356	2,188	2,126	2,003	2,008	2,272	2,238	1,326
Ordinance Violations	2,258	2,613	2,359	2,652	2,820	2,543	2,284	2,731	2,519	2,924
Traffic Violations	13,818	13,015	12,606	14,070	14,050	13,184	13,375	14,352	14,160	9,928
<b>Inspections</b>										
Permits Issued	1,005	1,038	1,139	1,074	1,072	976	1,078	1,146	1,530	1,023
<b>Refuse Collection</b>										
Refuse Tons Collected	9,047	9,317	9,422	9,347	9,076	8,779	8,518	8,335	8,366	8,432
Tons of Recyclables Collected	12,822	13,180	13,579	13,780	4,369	4,150	3,865	3,667	3,491	3,517
<b>Other Public Works</b>										
Potholes Repaired (tons)	93	75	122	217	240	157	88	131	302	552
Curb Miles- Street Sweeper	4,829	11,171	10,784	8,760	10,509	12,716	12,004	10,677	8,741	10,530
<b>Parks and Recreation</b>										
Swimming Pool Admissions (two locations)	114,678	117,592	101,969	70,044	112,832	91,995	113,081	94,821	84,467	91,319
Museum Attendance	136,146	130,165	132,500	134,000	149,122	152,501	141,859	138,001	144,084	135,690
Theater Attendance	36,048	30,795	31,075	27,246	28,900	33,442	33,439	26,513	24,480	27,271
Golf Rounds Played	26,015	23,464	23,999	24,337	25,110	23,946	24,844	24,500	23,570	23,066
<b>Library</b>										
Volumes in Collection	190,827	177,459	175,635	186,121	190,216	188,278	194,940	198,456	198,688	197,792
<b>Water</b>										
New Connections	371	225	227	332	208	227	218	196	137	115
Water Main Breaks	60	37	45	32	65	43	53	48	40	30
Average Daily Consumption (gallons)	4,500,000	4,500,000	4,600,000	4,400,000	4,300,000	4,320,000	4,150,000	3,975,000	3,894,000	3,708,000
Number of Water Accounts	14,969	15,550	15,880	16,176	16,473	16,700	16,918	17,114	17,251	17,366
<b>Sewers</b>										
Sanitary Sewers (miles)	158	160	174	174	175	174	174	168	180	180
Storm Sewers (miles)	94	100	101	101	111	102	109	130	127	150

Source: Various Town departments

Town of Normal  
Capital Asset Statistics by Function/Program  
Last Ten Calendar Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>Function/Program</u></b>										
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	3	3	3	3	3	3	3	3	3	3
Highway and streets										
Streets (miles)	167	168	168	168	175	213	215	216	214	200
Streetlights	3,304	3,338	3,375	3,395	3,393	3,405	2,889	3,007	3,009	3,015
Equipment maintenance										
Vehicles maintained	275	286	299	299	301	301	309	307	325	328
Culture and recreation										
Number of parks	18	17	17	17	17	17	18	18	18	18
Acres of parks	370	385	360	364	374	370	370	370	370	370
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Acres of golf courses	300	300	300	300	300	300	300	300	300	300
Water										
Water mains (miles)	188	191	195	195	244	198	199	200	201	226
Maximum available daily supply (gal)	11,500,000*	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,500,000	11,220,000	12,166,000
Fire hydrants	1,971	2,042	2,098	2,153	2,180	2,225	2,410	2,513	2,527	2,544
Sewer										
Sanitary sewers (miles)	160	174	174	174	175	174	174	168	180	180
Storm sewers (miles)	100	101	101	101	111	102	109	130	127	150

Source: Various Town departments

\* The refurbishing of several old wells increased the daily water supply in 2007.

## APPENDIX B

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF HART, SOUTHWORTH & WITSMAN]

[TO BE DATED CLOSING DATE]

Town of Normal, Illinois  
11 Uptown Circle  
Normal, Illinois 61761

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the General Obligation Refunding Bonds, Series 2017B in the aggregate principal amount of \$9,340,000 (the “Bonds”) of the Town of Normal, Illinois (the “Town”), a municipal corporation and a home rule unit of the State of Illinois situated in the County of McLean, Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970, the Omnibus Bond Acts, 5 ILCS 70/8 as supplemented and amended, and by virtue of Ordinance No. 5676 adopted by the Board of Trustees of the Town on December 19, 2016 and a bond order of the Town dated February 14, 2017 (collectively, the “Bond Ordinance”). The Bonds have been issued to pay costs of refunding certain prior bonds of the Town and costs of issuing the Bonds.

The Bonds mature on June 1 in each of the following years in the respective principal amount set opposite each such year, and the Bonds maturing in each such year bear interest from their date payable on June 1 and December 1 of each year commencing June 1, 2017 at the respective rate of interest per annum set forth opposite such year in the following table:

<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2032	895,000	4.00
2033	2,700,000	4.00
2034	2,815,000	4.00
2035	2,930,000	4.00

In our opinion, the Bonds are valid and legally binding full faith and credit general obligations of the Town and the Town is obligated to levy ad valorem taxes upon all the taxable property within the Town for the payment of the Bonds and the interest thereon without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the condition that the Town comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants of the Town could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is our opinion that the Bonds have been designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering the opinions given above, we have relied upon and assumed the material accuracy of the Town's representations, statements of reasonable expectations and certifications of fact contained in the Bond Ordinance and other certificates of the Town which we have not independently verified, and upon the opinion of counsel to the Town. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. Our opinion is given as of the date hereof and we assume no obligation to revise or supplement our opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

HART, SOUTHWORTH & WITSMAN

By: \_\_\_\_\_  
Mike Southworth