

CITY OF BELVIDERE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2016

Prepared By

Becky Tobin
Finance/Budget Officer



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CITY OF BELVIDERE, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2016

LEGISLATIVE

ELECTED OFFICIALS

Mayor: Mike Chamberlain

City Clerk: Shauna Arco

Treasurer: Ric Brereton

Ward 1 Alderman:

Ward 1 Alderman:

Clinton Morris

Clayton Stevens

Ward 2 Alderman:

Ward 2 Alderman:

Daniel Areyalo

Daniel Snow

Ward 3 Alderman:

Ward 3 Alderman:

Thomas Ratcliffe

Wendy Frank

Ward 4 Alderman:

Ward 4 Alderman:

Ronald Brooks

George Crawford

Ward 5 Alderman:

Ward 5 Alderman:

John Sanders

Mark Sanderson

ADMINISTRATIVE

Police Chief:

Jan Noble

Fire Chief:

Allen Hyser

Finance Director:

Becky Tobin

Public Works Director:

Brent Anderson

Building Director:

Lesa Morelock

City Attorney:

Mike Drella



6815 Weaver Rd., Suite 100
Rockford, Illinois 61114

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Belvidere, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois (the City), as of and for the year ended April 30, 2016, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village'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 Village'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, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois as of April 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The implementation of this guidance resulted in changes to the pension related liabilities, deferred inflows and outflows of resources, the pension related expense, notes presented in the notes to financial statements, and required supplementary information. The effect of this change is disclosed in Note 11 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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.

Management has omitted the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios for the Police Pension Fund and Firefighters' Pension Fund for April 30, 2015 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information and supplemental schedules as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic, combining and individual fund financial statements as a whole.

The supplemental data has 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.

Sikich LLP

Rockford, Illinois
October 31, 2016

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2016

Our discussion and analysis of the City of Belvidere's financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2016. Please read it in conjunction with the City's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The City of Belvidere's net position decreased as a result of this year's operations. While net position of business-type activities increased by \$294,570, or 0.7 percent, net position of the governmental activities decreased by \$2,749,328 or nearly 34.8 percent. The decrease in the net position of the governmental activities was due to the implementation of GASB Statement No. 68. Details of the adjustment to beginning net position are provided in Note 11 to the financial statements. Beginning net position of the governmental activities were reduced by \$19,907,813 due to the implementation of GASB Statement No. 68, while net position of the business-type activities were reduced by \$795,614.
- During the year, government-wide revenues before transfers for the primary government totaled \$22,978,693 while expenses totaled \$25,433,451 resulting in a decrease to net position of \$2,454,758.
- The City's net position totaled \$50,186,258 on April 30, 2016, which includes \$56,476,642 net investment in capital assets, \$1,079,297 subject to external restrictions, and \$(7,369,681) unrestricted net deficit that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$375,779 resulting in ending fund balance of \$11,171,496 an increase of 1.6 percent after a restatement of \$(207,812). Details of the restatement of the General Fund balance are provided in Note 11 to the financial statements. Fund balance of the General Fund was reduced by \$207,812 to correct the advance made by the General Fund to the Kishwaukee TIF Fund, correct the value of land held for resale and to correct revenue recognition on various revenue sources in the General Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 4 - 6) provide information about the activities of the City of Belvidere as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2016

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

The government-wide financial statements provide readers with a broad overview of the City of Belvidere's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 4 – 6 of this report.

The Statement of Net Position reports information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, is needed to assess the overall health of the City.

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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The City of Belvidere includes one separate legal entity in its report. The Ida Public Library is presented as a discretely presented component unit. Although legally separate, this "component unit" is important because the City is financially accountable for it. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

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

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2016

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City'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 the comparison between governmental funds and governmental activities.

The City of Belvidere maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 7 - 10 of this report.

Proprietary Funds

The City maintains one proprietary fund type: enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City utilizes an enterprise fund to account for its water and sewer operations. Proprietary fund financial statements 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 and Sewer Fund, which is considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 11 - 14 of this report.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2016

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 15 - 16 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 17 - 73 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's I.M.R.F., SLEP, police and fire employee pension obligations and budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 74-89 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 90 - 110 of this report.

CITY OF BELVIDERE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The following tables show that in the case of the City of Belvidere, assets/deferred outflows exceeded liabilities/deferred inflows by \$50,186,258.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current/Other Assets/Deferred Outflows	\$ 23,368,185	18,139,725	11,682,590	11,136,925	35,050,775	29,276,650
Capital Assets	24,824,167	26,511,744	38,719,112	38,662,722	63,543,279	65,174,466
Total Assets	48,192,352	44,651,469	50,401,702	49,799,647	98,594,054	94,451,116
Long-Term Debt	6,488,282	9,903,712	4,892,536	3,361,811	11,380,818	13,265,523
Other Liabilities/Deferred Inflows	36,543,574	6,882,439	483,404	911,030	37,026,978	7,793,469
Total Liabilities	43,031,856	16,786,151	5,375,940	4,272,841	48,407,796	21,058,992
Net Postion						
Net Investment in Capital Assets	21,057,447	22,700,646	35,419,195	35,012,986	56,476,642	57,713,632
Restricted	971,737	923,601	107,560	1,718,915	1,079,297	2,642,516
Unrestricted (Deficit)	(16,868,688)	4,241,071	9,499,007	8,794,905	(7,369,681)	13,035,976
Total Net Position	5,160,496	27,865,318	45,025,762	45,526,806	50,186,258	73,392,124

A large portion of the City’s net position, \$56,476,642 or 112.5 percent, reflects its net investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$1,079,297 or 2.2 percent, of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remaining (14.7) percent, or \$(7,369,681), represents unrestricted net deficit and may be used to meet the government’s ongoing obligations to citizens and creditors. At year-end, the City is able to report positive balances in all categories of net position for both the governmental and the business-type activities, and was able to do so in the prior fiscal year as well.

CITY OF BELVIDERE, ILLINOIS

**Management's Discussion and Analysis
April 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 1,553,232	1,702,452	6,034,020	6,133,601	7,587,252	7,836,053
Operating Grants/Contrib.	876,148	-	-	-	876,148	-
Capital Grants/Contrib.	-	1,154,653	-	-	-	1,154,653
General Revenues						
Property Taxes	4,960,859	4,870,714	-	-	4,960,859	4,870,714
Utility Taxes	2,057,469	2,242,842	-	-	2,057,469	2,242,842
Replacement Taxes	276,600	357,074	-	-	276,600	357,074
Other Taxes	377,720	171,134	-	-	377,720	171,134
Sales and Use Taxes	3,793,925	3,795,721	-	-	3,793,925	3,795,721
Income Taxes	2,726,656	2,577,580	-	-	2,726,656	2,577,580
Other General Revenues	290,540	700,911	31,524	135,404	322,064	836,315
Total Revenues	16,913,149	17,573,081	6,065,544	6,269,005	22,978,693	23,842,086
Expenses						
General Government	1,858,266	2,243,098	-	-	1,858,266	2,243,098
Public Safety	12,233,124	11,106,118	-	-	12,233,124	11,106,118
Highways and Streets	4,818,370	4,216,750	-	-	4,818,370	4,216,750
Health and Social Services	23,000	24,076	-	-	23,000	24,076
Community/Economic Devel.	198,936	160,875	-	-	198,936	160,875
Interest on Long-Term Debt	530,781	390,226	-	-	530,781	390,226
Water and Sewer	-	-	5,770,974	5,595,947	5,770,974	5,595,947
Total Expenses	19,662,477	18,141,143	5,770,974	5,595,947	25,433,451	23,737,090
Change in Net Position						
Before Transfers	(2,749,328)	(568,062)	294,570	673,058	(2,454,758)	104,996
Transfers	-	-	-	-	-	-
Change in Net Position	(2,749,328)	(568,062)	294,570	673,058	(2,454,758)	104,996
Net Position - Beginning as Restated	7,909,824	28,433,380	44,731,192	44,853,748	52,641,016	73,287,128
Net Position - Ending	5,160,496	27,865,318	45,025,762	45,526,806	50,186,258	73,392,124

CITY OF BELVIDERE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

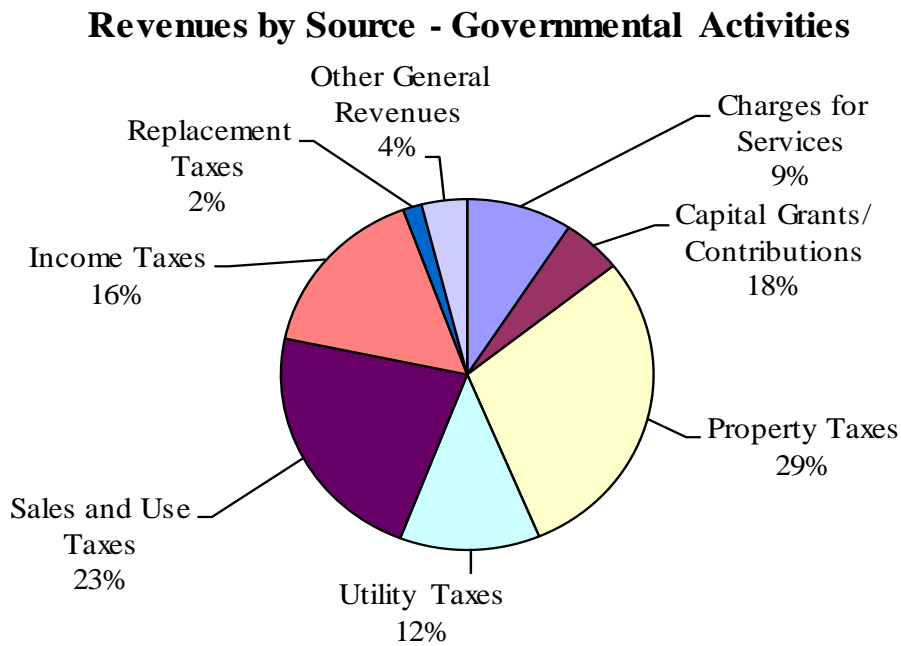
Net position of the City of Belvidere’s governmental activities decreased by 34.8 percent (\$5,160,496 in 2016 compared to (\$7,909,824 in 2015, as restated). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$(16,868,688) at April 30, 2016.

Net position of the business-type activities increased by 0.7 percent (\$44,731,192 in 2016 compared to \$44,731,192 in 2015, as restated).

Governmental Activities

Revenues for governmental activities totaled \$16,913,149 while the cost of all governmental functions totaled \$19,662,477. This results in a deficit of \$(2,749,328) and there were no transfers out. In 2015, revenues of \$17,573,081 were less than expenses of \$18 141 143 resulting in a deficit of \$568 062 and there were no transfers out.

The following table graphically depicts the major revenue sources of the City. It depicts very clearly the reliance of property taxes, income taxes and sales and use taxes to fund governmental activities. It also clearly identifies the less significant percentage the City receives from charges for services.



CITY OF BELVIDERE, ILLINOIS

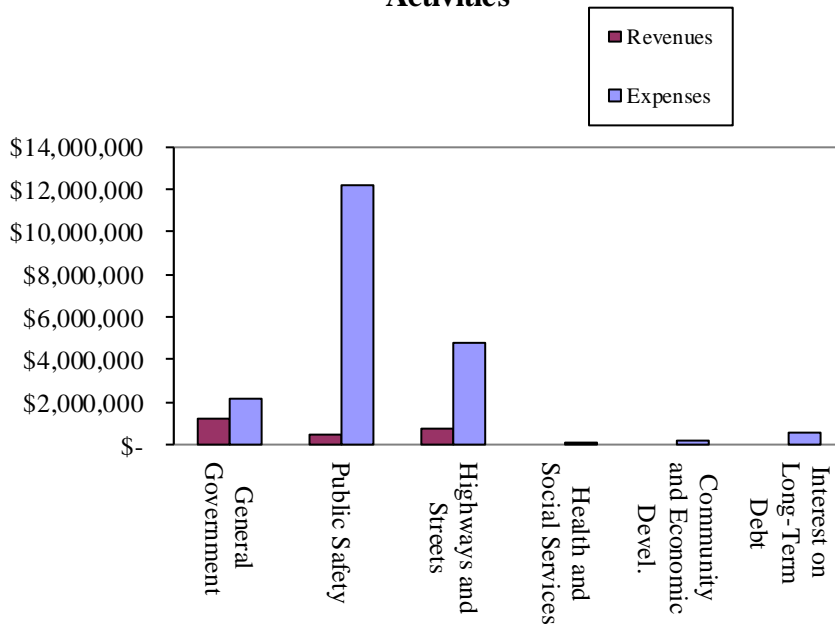
**Management’s Discussion and Analysis
April 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

The ‘Expenses and Program Revenues’ Table identifies those governmental functions where program expenses greatly exceed revenues.

Expenses and Program Revenues - Governmental Activities



Business-Type Activities

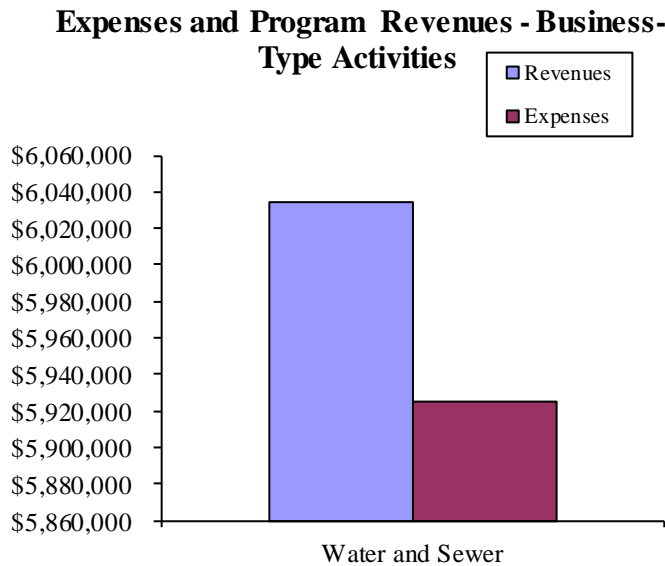
Business-Type activities posted total revenues of \$6,065,544, while the cost of all business-type activities totaled \$5,770,974. This results in a surplus of \$294,570 and there were no transfers. In 2015, revenues of \$6,269,005, while the cost of all business-type activities totaled \$5,595,947 resulting in a surplus of \$673,058 and there were no transfers. The surplus in the current year is due an increase in use by the existing utility customers and only a slight increase in expenses.

CITY OF BELVIDERE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type Activities – Continued



The above graph compares program revenues to expenses for water and sewer operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The City’s governmental funds reported combining ending fund balances of \$13,807,696, which is \$777,793, or 6.0 percent, higher than last year’s restated total of \$13,029,903. Of the \$13,807,696 total, \$10,479,317, or approximately 77.6 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$375,779, an increase of 3.5 percent of restated fund balance. This was due in large part to revenues for the video gaming, and local use tax being higher than the original budget. Specifically, the original budgeted amount for these revenue sources totaled \$589,949 and the actual amount totaled \$788,817. Furthermore, expenditures in the General Fund were under budget. Original budgeted expenditures totaled \$16,322,189 while actual expenditures totaled \$14,814,837. This is largely due to capital infrastructure projects budgeted in fiscal year 2016 that were not completed until fiscal year 2017. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2016

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Governmental Funds – Continued

The General Fund is the chief operating fund of the City. At April 30, 2016, unassigned fund balance in the General Fund was \$10,509,188 which represents 94.1 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 70.9 percent of total General Fund expenditures.

The Capital Projects fund realized an increase in the fund balance of \$371,221 primarily as a result of a transfer in of \$895,189 from the General Fund. The Nonmajor Funds realized an increase in fund balance of \$30,793 as a result of increase revenues in Foreign Fire Insurance and Motor Fuel Tax.

Proprietary Funds

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

The City reports the Water/Sewer Fund as a major proprietary fund. The Water/Sewer Fund accounts for all of the operations of the municipal water and sewer system. Water is sold to all municipal customers at a rate of \$1.57 per 100 cubic feet and a rate of \$2.46 per cubic feet for sewer.

The surplus in the Water/Sewer Fund during the current fiscal year was \$294,570, while the previous fiscal year reported a surplus of \$140,849. Unrestricted net position in the Water/Sewer Fund totaled \$9,499,007 at April 30, 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made budget amendments to the General Fund at the end of the fiscal year. General Fund actual revenues for the year totaled \$16,085,805, compared to budgeted revenues of \$16,305,674, which is \$219,869 lower than budgeted revenues. Actual revenues are reported on the modified accrual basis of accounting.

The General Fund actual expenditures for the year were \$280,192 lower than budgeted (\$14,814,837 actual compared to \$15,095,029 budgeted). The general government function's actual expenditures were lower than budgeted expenditures by \$15,008.

CITY OF BELVIDERE, ILLINOIS

**Management's Discussion and Analysis
April 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of April 30, 2016 was \$63,543,279 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles and equipment, and infrastructure.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 869,477	523,664	696,551	696,551	1,566,028	1,220,215
Construction in Progress	207,679	93,750	611,509	110,013	819,188	203,763
Land Improvements	45,062	46,640	-	-	45,062	46,640
Infrastructure	20,558,790	22,582,128	-	-	20,558,790	22,582,128
Building and Improvements	1,226,537	1,253,613	1,065,732	1,094,856	2,292,269	2,348,469
Water Transmission System	-	-	11,908,061	12,156,461	11,908,061	12,156,461
Sewer Collection System	-	-	22,849,884	23,718,330	22,849,884	23,718,330
Equipment	491,120	557,857	1,547,034	835,935	2,038,154	1,393,792
Vehicles	1,425,502	1,454,092	40,341	50,576	1,465,843	1,504,668
Total	24,824,167	26,511,744	38,719,112	38,662,722	63,543,279	65,174,466

Governmental Activities

Land	\$ 345,813
Construction in Progress	113,929
Buildings and improvements	41,192
Equipment	79,271
Vehicles	204,357
	<u>\$ 784,562</u>

Business-Type Activities

Construction in Progress	\$ 536,746
Equipment	950,761
Vehicles	43,310
	<u>\$ 1,530,817</u>

Additional information on the City of Belvidere's capital assets can be found in note 3 on pages 26 - 28 of this report.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Belvidere had total outstanding debt of \$7,061,015 as compared to \$7,883,558 the previous year, a decrease of 10.4 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revolving Loans	\$ 140,000	140,000	-	-	140,000	140,000
Debt Certificates	585,098	635,098	-	-	585,098	635,098
Tax Increment Revenue Notes	3,036,000	3,036,000	-	-	3,036,000	3,036,000
Capital Lease	-	-	-	119,145	-	119,145
IEPA Loan	-	-	1,839,917	2,038,315	1,839,917	2,038,315
Alternate Revenue Bonds	-	-	1,460,000	1,915,000	1,460,000	1,915,000
Total	3,761,098	3,811,098	3,299,917	4,072,460	7,061,015	7,883,558

The City last received a bond rating in 2004 at which time it was a Standard & Poor AAA rating. The City has not entered the bond market since 2004. The City is no longer a non-home rule community, and is no longer held to the State statute that limits the amount of general obligation debt. However, the City's current debt limit under the non-home rule statute is \$25,353,939.

Additional information on the City of Belvidere's long-term debt can be found in Note on pages 30 - 34 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economy continues to show signs of improvement; however, the City continues to stay conservative in spending and adhering to a pay-as-you-go-philosophy. As a result, the City continues to increase the amount in reserves. It is anticipated that some of those reserves will be utilized in improving the City's infrastructure.

The residential sector is continuing to struggle. Residential permits and new housing construction stayed relatively flat (7 new homes). The commercial sector continues to struggle but is showing some improvement. Some of the major projects that have occurred over the past year that include additions, remodels and renovations are General Mills, Manley Motors, and Auto Zone.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES – Continued

The City's elected and appointed officials considered many factors when setting the fiscal-year 2016 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. The unemployment rate for April 30, 2016, for the City of Belvidere was 7.7% and Boone County was 6.5%. The state and national unemployment rates were 6.6 and 5.0 percent, respectively.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Belvidere's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Office of the Budget/Finance Officer, Becky Tobin. City of Belvidere, 401 Whitney Boulevard, Belvidere, Illinois 61008.

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2016

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Ida Public Library
ASSETS				
Cash and investments	\$ 11,596,458	\$ 9,851,939	\$ 21,448,397	\$ 623,148
Receivables (net where applicable of allowance for uncollectibles)				
Property taxes	5,051,881	757,289	5,809,170	676,354
Sales taxes	779,967	-	779,967	-
Income taxes	552,645	-	552,645	-
Telecommunications tax	256,082	-	256,082	-
Accounts	-	146,993	146,993	-
Accrued interest	-	13,700	13,700	-
Other	208,941	-	208,941	19,722
Prepaid expenses	316,495	196,845	513,340	10,393
Land held for resale	785,567	74,909	860,476	-
Restricted investments	-	107,560	107,560	-
Capital assets not being depreciated	731,343	1,308,060	2,039,403	181,150
Capital assets being depreciated, net of accumulated depreciation	23,747,011	37,411,052	61,158,063	879,330
Total assets	44,026,390	49,868,347	93,894,737	2,390,097
DEFERRED OUTFLOWS OF RESOURCES				
Pension items - IMRF	569,110	533,355	1,102,465	130,125
Pension items - Police Pension	1,169,064	-	1,169,064	-
Pension items - Firefighters' Pension	2,081,975	-	2,081,975	-
Total deferred outflows of resources	3,820,149	533,355	4,353,504	130,125
Total assets and deferred outflows of resources	47,846,539	50,401,702	98,248,241	2,520,222
LIABILITIES				
Accounts payable	452,168	351,099	803,267	6,373
Accrued payroll	236,291	68,329	304,620	14,410
Unearned revenue	-	-	-	2,500
Interest payable	2,256,494	19,060	2,275,554	-
Net pension liability - IMRF	1,610,196	1,524,474	3,134,670	371,934
Net pension liability - Police Pension	13,386,846	-	13,386,846	-
Net pension liability - Firefighters' Pension	12,076,827	-	12,076,827	-
Long-term liabilities				
Due within one year	77,398	514,697	592,095	93,561
Due in more than one year	6,410,884	2,853,365	9,264,249	310,353
Total liabilities	36,507,104	5,331,024	41,838,128	799,131
DEFERRED INFLOWS OF RESOURCES				
Pension items - IMRF	43,905	44,916	88,821	10,959
Pension items - Police Pension	1,428,966	-	1,428,966	-
Deferred revenue - property taxes	5,051,881	-	5,051,881	676,354
Total deferred inflows of resources	6,524,752	44,916	6,569,668	687,313
Total liabilities and deferred inflows of resources	43,031,856	5,375,940	48,407,796	1,486,444
NET POSITION				
Net investment in capital assets	21,057,447	35,419,195	56,476,642	716,043
Restricted for				
Public safety	56,880	-	56,880	-
Highways and streets	900,785	-	900,785	-
Economic development	414,891	-	414,891	-
Debt service	-	107,560	107,560	-
Donor specific	-	-	-	87,539
Unrestricted (deficit)	(17,615,320)	9,499,007	(8,116,313)	230,196
TOTAL NET POSITION	\$ 4,814,683	\$ 45,025,762	\$ 49,840,445	\$ 1,033,778

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 2,204,079	\$ 1,184,100	\$ 49,957	\$ -
Public safety	12,233,124	301,229	171,755	-
Highways and streets	4,818,370	67,903	654,436	-
Health and social services	23,000	-	-	-
Community and economic development	198,936	-	-	-
Interest and fees	530,781	-	-	-
Total governmental activities	20,008,290	1,553,232	876,148	-
Business-Type Activities				
Water and sewer	5,770,974	6,034,020	-	-
Total business-type activities	5,770,974	6,034,020	-	-
TOTAL PRIMARY GOVERNMENT	\$ 25,779,264	\$ 7,587,252	\$ 876,148	\$ -
COMPONENT UNIT				
Ida Public Library	\$ 877,215	\$ 32,609	\$ 38,568	\$ -

	Net (Expense) Revenue and Change in Net Position			Component Unit Ida Public Library
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
	\$ (970,022)	\$ -	\$ (970,022)	\$ -
	(11,760,140)	-	(11,760,140)	-
	(4,096,031)	-	(4,096,031)	-
	(23,000)	-	(23,000)	-
	(198,936)	-	(198,936)	-
	(530,781)	-	(530,781)	-
	(17,578,910)	-	(17,578,910)	-
	-	263,046	263,046	-
	-	263,046	263,046	-
	(17,578,910)	263,046	(17,315,864)	-
	-	-	-	(806,038)
General Revenues				
Taxes				
Property	4,960,859	-	4,960,859	672,090
Utility	2,057,469	-	2,057,469	-
Telecommunications	172,574	-	172,574	-
Replacement	276,600	-	276,600	39,059
Other	205,146	-	205,146	-
Intergovernmental				
Sales and use taxes	3,793,925	-	3,793,925	-
Income	2,726,656	-	2,726,656	-
Investment income	22,331	31,524	53,855	78,764
Miscellaneous	268,209	-	268,209	53,634
Total	14,483,769	31,524	14,515,293	843,547
CHANGE IN NET POSITION	(3,095,141)	294,570	(2,800,571)	37,509
NET POSITION, MAY 1	27,865,318	45,526,806	73,392,124	1,158,399
Change in accounting principle	(19,907,813)	(795,614)	(20,703,427)	(194,111)
Prior period adjustment	(47,681)	-	(47,681)	31,981
NET POSITION, MAY 1, RESTATED	7,909,824	44,731,192	52,641,016	996,269
NET POSITION, APRIL 30	\$ 4,814,683	\$ 45,025,762	\$ 49,840,445	\$ 1,033,778

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2016

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 9,246,472	\$ 2,349,986	\$ 11,596,458
Receivables (net where applicable of allowance for uncollectibles)			
Property taxes	4,962,243	89,638	5,051,881
Sales taxes	779,967	-	779,967
Income taxes	552,645	-	552,645
Other taxes	256,082	-	256,082
Other	150,714	58,227	208,941
Prepaid items	316,495	-	316,495
Land held for resale	345,813	439,754	785,567
Advances to other funds	55,198	-	55,198
TOTAL ASSETS	\$ 16,665,629	\$ 2,937,605	\$ 19,603,234
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 295,599	\$ 156,569	\$ 452,168
Accrued payroll	236,291	-	236,291
Advance from other funds	-	55,198	55,198
Total liabilities	531,890	211,767	743,657
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	4,962,243	89,638	5,051,881
Total deferred inflows of resources	4,962,243	89,638	5,051,881
Total liabilities and deferred inflows of resources	5,494,133	301,405	5,795,538
FUND BALANCES			
Nonspendable			
Prepaid items	316,495	-	316,495
Land held for resale	345,813	-	345,813
Advances to other funds	55,198	-	55,198
Restricted			
Public safety	-	56,880	56,880
Highways and streets	-	900,785	900,785
Economic development	-	414,891	414,891
Capital projects	-	9,064	9,064
Assigned			
Capital projects	-	1,254,580	1,254,580
Unassigned	10,453,990	-	10,453,990
Total fund balances	11,171,496	2,636,200	13,807,696
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 16,665,629	\$ 2,937,605	\$ 19,603,234

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

**RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**

April 30, 2016

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 13,807,696
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 governmental funds	24,478,354
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position	525,205
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Police Pension Plan are recognized as deferred outflows and inflows of resources on the statement of net position	(259,902)
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Firefighters' Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position	2,081,975
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Revolving loan payable	(140,000)
Debt certificates payable	(585,098)
Tax increment revenue note payable	(3,036,000)
Landfill postclosure liability	(117,967)
Compensated absences payable	(136,991)
Other postemployment benefit obligation	(2,472,226)
Accrued interest on long-term liabilities is reported as a liability on the statement of net position	(2,256,494)
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(1,610,196)
Net pension liability for the Police Pension Fund is shown as a liability on the statement of net position	(13,386,846)
Net pension liability for the Firefighters' Pension Fund is shown as a liability on the statement of net position	(12,076,827)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,814,683</u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2016

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 14,131,443	\$ 128,480	\$ 14,259,923
Licenses and permits	370,771	-	370,771
Intergovernmental	105,061	683,730	788,791
Fines and forfeits	915,899	-	915,899
Investment income	20,646	1,694	22,340
Miscellaneous	541,985	13,440	555,425
Total revenues	16,085,805	827,344	16,913,149
EXPENDITURES			
Current			
General government	1,954,791	19,028	1,973,819
Public safety	10,764,281	41,687	10,805,968
Highways and streets	1,873,459	723,193	2,596,652
Health and social services	23,000	-	23,000
Community and economic development	199,306	-	199,306
Capital outlay	-	470,609	470,609
Debt service			
Principal	-	50,000	50,000
Interest and fiscal charges	-	16,002	16,002
Total expenditures	14,814,837	1,320,519	16,135,356
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,270,968	(493,175)	777,793
OTHER FINANCING SOURCES (USES)			
Transfers in	-	909,756	909,756
Transfers (out)	(895,189)	(14,567)	(909,756)
Total other financing sources (uses)	(895,189)	895,189	-
NET CHANGE IN FUND BALANCES	375,779	402,014	777,793
FUND BALANCES, MAY 1	11,003,529	2,074,055	13,077,584
Prior period adjustment	(207,812)	160,131	(47,681)
FUND BALANCE, MAY 1, RESTATED	10,795,717	2,234,186	13,029,903
FUND BALANCE, APRIL 30	\$ 11,171,496	\$ 2,636,200	\$ 13,807,696

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended April 30, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 777,793
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized on the statement of net position and depreciated on the statement of activities	438,749
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(2,472,139)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding on the statement of net position	50,000
Payments made on the landfill postclosure liability are reported as expenditures in the governmental funds but as a reduction of the liability in the statement of net position	72,500
The increase of accrued interest payable is shown as an increase of expense on the statement of activities	(514,779)
The increase in compensated absences payable is shown as an increase of the statement of activities	5,924
The change in the other postemployment benefit obligation	(318,047)
The change in the Police Pension Fund net pension liability and deferred outflows/inflows of resources is not a source or use of financial resources	(282,404)
The change in the Firefighters' Pension Fund net pension liability and deferred outflows of resources is not a source or use of a financial resource	(596,806)
The change in the Illinois Municipal Retirement Fund net pension liability and deferred outflows of resources is not a source or use of a financial resource	<u>(255,932)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (3,095,141)</u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

April 30, 2016

	Business-Type Activities
	Water and Sewer
CURRENT ASSETS	
Cash and investments	\$ 9,851,939
Receivables (net of allowance for uncollectibles)	
Billed services	146,993
Unbilled services	757,289
Accrued interest	13,700
Prepaid expenses	196,845
Inventory	74,909
Restricted investments	<u>107,560</u>
Total current assets	<u>11,149,235</u>
NONCURRENT ASSETS	
Capital assets	
Assets not being depreciated	1,308,060
Assets being depreciated	
Cost	66,677,909
Accumulated depreciation	<u>(29,266,857)</u>
Total noncurrent assets	<u>38,719,112</u>
Total assets	<u>49,868,347</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - IMRF	<u>533,355</u>
Total deferred outflows of resources	<u>533,355</u>
Total assets and deferred outflows of resources	<u>50,401,702</u>

(This statement is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUND

April 30, 2016

	Business-Type Activities
	Water and Sewer
CURRENT LIABILITIES	
Accounts payable	\$ 351,099
Accrued payroll	68,329
Accrued interest payable	19,060
Current portion of long-term liabilities	<u>514,697</u>
Total current liabilities	<u>953,185</u>
NONCURRENT LIABILITIES	
IEPA loans payable, less current portion	1,738,849
General obligation bonds payable, less current portion	1,060,000
Compensated absences payable, less current portion	54,516
Net pension liability - IMRF	<u>1,524,474</u>
Total noncurrent liabilities	<u>4,377,839</u>
Total liabilities	<u>5,331,024</u>
DEFERRED INFLOWS OF RESOURCES	
Pension items - IMRF	<u>44,916</u>
Total deferred inflows of resources	<u>44,916</u>
Total liabilities and deferred inflows of resources	<u>5,375,940</u>
NET POSITION	
Net investment in capital assets	35,419,195
Restricted	
Debt service	107,560
Unrestricted	<u>9,499,007</u>
TOTAL NET POSITION	<u><u>\$ 45,025,762</u></u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended April 30, 2016

	Business-Type Activities
	Water and Sewer
OPERATING REVENUES	
Charges for services	\$ 5,910,130
Other revenue	123,890
	<hr/>
Total operating revenues	6,034,020
	<hr/>
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Operations	4,275,154
	<hr/>
Total operating expenses excluding depreciation	4,275,154
	<hr/>
OPERATING INCOME BEFORE DEPRECIATION	1,758,866
	<hr/>
Depreciation	1,439,178
	<hr/>
OPERATING INCOME	319,688
	<hr/>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	31,524
Interest expense and fees	(56,642)
	<hr/>
Total non-operating revenues (expenses)	(25,118)
	<hr/>
CHANGE IN NET POSITION	294,570
	<hr/>
NET POSITION, MAY 1	45,526,806
	<hr/>
Change in accounting principle	(795,614)
	<hr/>
NET POSITION, MAY 1, RESTATED	44,731,192
	<hr/>
NET POSITION, APRIL 30	\$ 45,025,762
	<hr/> <hr/>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended April 30, 2016

	Business-Type Activities Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 6,021,251
Payments to suppliers	(2,947,994)
Payments to employees	(1,218,512)
	<u>1,854,745</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
None	-
	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,495,567)
Principal retirement	(349,819)
Interest expense	(58,297)
	<u>(1,903,683)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	31,524
	<u>31,524</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	
	(17,414)
CASH AND CASH EQUIVALENTS, MAY 1	
	<u>9,976,913</u>
CASH AND CASH EQUIVALENTS, APRIL 30	
	<u>\$ 9,959,499</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 319,688
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	1,439,178
Changes in current assets and liabilities	
Accounts receivable	(12,769)
Inventory	(11,924)
Prepaid expenses	(5,031)
Accounts payable	(119,028)
Accrued payroll	13,433
Net pension liability and deferred inflows/outflows of resources	240,421
Compensated absences payable	(9,223)
	<u>\$ 1,854,745</u>
NET CASH FROM OPERATING ACTIVITIES	
CASH AND CASH EQUIVALENTS	
Cash and investments	\$ 9,851,939
Restricted investments	107,560
	<u>\$ 9,959,499</u>
TOTAL CASH AND CASH EQUIVALENTS	
	<u>\$ 9,959,499</u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
AGENCY FUND
April 30, 2016

	Pension Trust Funds	Agency Fund
ASSETS		
Cash and short-term investments	\$ 10,520	\$ 1,083,292
Investments at fair value		
U.S. Treasury obligations	958,598	-
U.S. agency obligations	5,225,973	-
Municipal bonds	1,542,402	-
Corporate bonds	5,368,755	-
Mortgage-backed securities	102,119	-
Equities	4,616,267	-
Mutual funds	11,524,883	-
Money market mutual funds	183,445	-
Insurance contracts	2,518,525	-
Total investments	<u>32,040,967</u>	<u>-</u>
Receivables		
Accrued interest	131,476	-
Total receivables	<u>131,476</u>	<u>-</u>
Prepaid items	5,177	-
Total assets	<u>32,188,140</u>	<u>1,083,292</u>
LIABILITIES		
Accounts payable	11,574	-
Due to developers	-	255,803
Due to other governments	-	827,489
Total liabilities	<u>11,574</u>	<u>1,083,292</u>
NET POSITION RESTRICTED FOR PENSIONS		
	<u>\$ 32,176,566</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND**

For the Year Ended April 30, 2016

ADDITIONS

Contributions	
Employer	\$ 1,863,056
Employee	<u>467,073</u>
Total contributions	<u>2,330,129</u>
Investment income	
Net depreciation in fair value of investments	(1,169,689)
Interest	<u>857,522</u>
Total investment income	(312,167)
Less investment expenses	<u>(118,036)</u>
Net investment income	<u>(430,203)</u>
Total additions	<u>1,899,926</u>

DEDUCTIONS

Benefits and refunds	2,372,226
Administrative expenses	<u>62,727</u>
Total deductions	<u>2,434,953</u>

NET DECREASE (535,027)

**NET POSITION RESTRICTED
FOR PENSIONS**

January 1	<u>32,711,593</u>
December 31	<u><u>\$ 32,176,566</u></u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belvidere, Illinois (the City) was incorporated in 1881. The City operates under a Mayoral-Council form of government and provides the following services as authorized by statute: public safety (Police and Fire), streets, library, water and sewer utility, public improvements, building and zoning, financial, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America, as applicable to governments (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 following is a summary of the more significant policies:

a. Reporting Entity

The City is considered to be a primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statement No. 14 and 34*, since its council is separately elected and fiscally independent. In accordance with these pronouncements, the basic financial statements include all funds for which the City is financially accountable.

The City had determined that the Ida Public Library (the Library) meets the requirements of GASB Statement No. 14 as amended by GASB Statement Nos. 39 and 61., because the Library is fiscally dependent on the City as the City levies its taxes and must approve its budget and debt issuances. This has resulted in the Library being reported as a discretely presented component unit of the City as it is legally separate from the City.

Pension Trust Funds

The City's financial statements include the Police Pension Plan and Firefighters' Pension Plan as pension trust funds. The City's sworn police and firefighter employees participate in these pension trust funds which function for the benefit of those employees and are each governed by a five-member Pension Board. Two members appointed by the Mayor, one elected pension beneficiary, and two elected police officers and firefighters constitute the individual Pension Boards. The City

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Pension Trust Funds (Continued)

and the pension plan participants are obligated to fund all pension plan costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the contribution levels. The pension plans are reported as pension trust funds because of the City's fiduciary responsibility. Separate financial statements are not available for the Police Pension and Firefighters' Pension Plans.

b. Fund Accounting

The City uses funds to report on its financial position and the change in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of committed, restricted, or assigned monies (special revenue funds), the funds committed, restricted, or assigned for the acquisition or construction of capital assets (capital projects funds). The General Fund is used to account for all activities of the City not accounted for in some other fund.

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. The City utilizes pension trust funds and agency funds which are generally used to account for assets that the City holds in a fiduciary capacity or on behalf of others as their agent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. 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 City. The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used are not eliminated on these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those accounted for in another fund.

The City reports the following major proprietary funds:

The Waterworks and Sewerage Fund is used to account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and improvements. Funding is provided by user fees.

The City reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund. Furthermore, the City reports the following agency funds as fiduciary funds: Escrow Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. 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 (except the agency funds which do not have a measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally within 60 days after year end. The City recognizes property taxes when they become both measurable and available in the year for which they are levied (i.e., intended to finance). A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Property taxes, sales and use taxes, income taxes, franchise taxes, telecommunication taxes, licenses, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues (e.g., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City reports unearned revenue and deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the City before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability or deferred inflows of resource for unearned and deferred/unavailable revenue are removed from the financial statements and revenue is recognized.

e. Cash and Investments

For purposes of the statement of cash flows, the City's proprietary funds consider cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments with a maturity of one year or less when purchased and all non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value. All investments of the pension trust funds are reported at fair value. Fair value is based on published market quotes as of April 30 for debt and equity securities and contract values for mutual funds and insurance contracts.

f. Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (current portion of interfund loans) or "advances to/from other funds" (noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 are reported as transfers.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Property Taxes

Property taxes for 2015 are levied in December 2015 and attach as an enforceable lien on the property on January 1, 2015. Tax bills are prepared by the County and issued on or about May 1, 2016 and August 1, 2016, and are due and collectible on or about June 1, 2016 and September 1, 2016. The County collects the taxes and remits them periodically to the City. Those 2015 taxes are intended to finance the 2017 fiscal year and are not considered available or earned for current operations and are, therefore, reported as deferred/unavailable revenue. The 2016 tax levy has not been recorded as a receivable at April 30, 2016, as the tax attached as a lien on property as of January 1, 2016; however, the tax will not be levied until December 2016 and, accordingly, is not measurable at April 30, 2016.

h. Inventories and Prepaid Items/Expenses

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses. Prepaid items/expenses are recorded as expenditures/expenses when consumed rather than when purchased.

i. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Land	\$ 5,000
Building and improvements	5,000
Vehicles, equipment, and furniture	5,000
Infrastructure	10,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

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

Assets	Years
Buildings and improvements	10-40
Buildings and structures	40
Equipment	5-10
Furniture and fixtures	5
Vehicles	5-20
Infrastructure	20-50
Land improvements	20
Water transmission system	50
Sewer collection system	50

j. Compensated Absences

Accumulated unpaid vacation and other employee benefit amounts for governmental funds are accrued in these funds as a current liability to the extent that employees have retired or terminated at year end but have not been paid.

Accumulated unpaid vacation and other employee benefit amounts for proprietary funds are recorded as earned by employees in those funds.

k. Long-Term Obligations

In the government-wide financial statements and proprietary funds 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 financial statements. Bond premiums and discounts, as well as the unamortized loss on refunding, are deferred and amortized over the life of the bonds. Bonds payable are reported net of any applicable bond premium or discount. Issuance costs are reported as expenses.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Long-Term Obligations (Continued)

In compliance with GASB Statement No. 18, the County has reported its long-term obligation related to closing costs for landfills closed in the governmental activities.

l. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

m. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance resulted from enabling legislation adopted by the City. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision-making authority. Formal actions include ordinances approved by the City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City's Chief Financial Officer/City Treasurer through the approved budget of the City. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Use of Estimates

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

2. CASH AND INVESTMENTS

The City 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 financial statements as "cash and investments." The deposits and investments of the pension trust funds are held separately from those of other funds. The investments are governed by three separate investment policies; one policy for the City adopted by the City Council and one policy each for the Police and Firefighters' Pension Funds approved by their respective boards.

The City's investment policy authorizes the City to make deposits in the commercial banks and savings and loan institutions and to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET). IMET is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. Investments in IMET are valued at the share price, the price for which the investments could be sold.

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety (preservation of capital and protection of investment principal), liquidity, and yield.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to them. The City requires pledging of collateral for all depository accounts, time deposit accounts, money market mutual funds, or investments in certificates of deposits of financial institutions in excess of FDIC. The collateral is required to be evidenced by a written collateral agreement with the collateral held by an independent third party safekeeping agent of the City in the City's name.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

Investments

As of April 30, 2016, the City had investments and maturities as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
IMET	\$ 104,165	\$ -	\$ 104,165	\$ -	\$ -
TOTAL	\$ 104,165	\$ -	\$ 104,165	\$ -	\$ -

Interest rate risk is the risk that changes in interest rates will adversely affect the market value of an investment. The City's investment policy does not address interest rate risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment in securities allowed under the investment policy. The City's investment policy does not address credit risk. The City's investment in Illinois Funds was rated AAAM by Standard & Poor's. The Illinois Metropolitan Investment 1-3 Year Fund is rated AAF by Standard & Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. The City's investment policy does not address custodial credit risk.

Concentration of credit risk is the risk that the City has a high percentage of their investments invested in one type of investment. The City's investment policy does not address custodial credit risk. At April 30, 2016, the City had no investments that represent over 5% of the total cash and investment portfolio.

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 523,664	\$ -	\$ -	\$ 523,664
Construction in progress	93,750	207,679	93,750	207,679
Total capital assets not being depreciated	617,414	207,679	93,750	731,343

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
(Continued)				
Capital assets being depreciated				
Land improvements	\$ 56,551	\$ -	\$ -	\$ 56,551
Infrastructure	34,492,304	-	-	34,492,304
Building and improvements	2,367,729	41,192	-	2,408,921
Equipment	2,098,180	79,271	-	2,177,451
Vehicles	3,799,545	204,357	250,000	3,753,902
Total capital assets being depreciated	42,814,309	324,820	250,000	42,889,129
Less accumulated depreciation for				
Land improvements	9,911	1,578	-	11,489
Infrastructure	11,910,176	2,023,338	-	13,933,514
Building and improvements	1,114,116	68,268	-	1,182,384
Equipment	1,540,323	146,008	-	1,686,331
Vehicles	2,345,453	232,947	250,000	2,328,400
Total accumulated depreciation	16,919,979	2,472,139	250,000	19,142,118
Total capital assets being depreciated, net	25,894,330	(2,147,319)	-	23,747,011
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 26,511,744	\$ (1,939,640)	\$ 93,750	\$ 24,478,354

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 75,222
Public safety	275,927
Highways and streets	2,120,990
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 2,472,139

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 696,551	\$ -	\$ -	\$ 696,551
Construction in progress	110,013	536,746	35,250	611,509
Total capital assets not being depreciated	806,564	536,746	35,250	1,308,060
Capital assets being depreciated				
Building and structures	3,174,607	-	-	3,174,607
Equipment	3,590,027	950,761	-	4,540,788
Furniture and fixtures	162,225	-	-	162,225
Vehicles	705,852	-	-	705,852
Water transmission system	18,560,689	43,310	-	18,603,999
Sewer collection system	39,490,438	-	-	39,490,438
Total capital assets being depreciated	65,683,838	994,071	-	66,677,909
Less accumulated depreciation for				
Building and structures	2,079,751	29,124	-	2,108,875
Equipment	2,754,092	239,662	-	2,993,754
Furniture and fixtures	162,225	-	-	162,225
Vehicles	655,276	10,235	-	665,511
Water transmission system	6,404,228	291,710	-	6,695,938
Sewer collection system	15,772,108	868,446	-	16,640,554
Total accumulated depreciation	27,827,680	1,439,177	-	29,266,857
Total capital assets being depreciated, net	37,856,158	(445,106)	-	37,411,052
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 38,662,722	\$ 91,640	\$ 35,250	\$ 38,719,112

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

BUSINESS-TYPE ACTIVITIES	
Water and Sewer	<u>\$ 1,439,178</u>

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT

a. Long-Term Debt - Governmental Activities

Long-term liability activity for governmental activities for the year ended April 30, 2016 was as follows:

	May 1	Additions	Reductions/ Refundings	April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
Revolving loan payable*	\$ 140,000	\$ -	\$ -	\$ 140,000	\$ -
Debt certificates payable**	635,098	-	50,000	585,098	50,000
Tax Increment note payable***	3,036,000	-	-	3,036,000	-
Landfill postclosure liability*	190,467	-	72,500	117,967	-
Compensated absences*	142,915	136,991	142,915	136,991	27,398
Net other postemployment benefit obligation*	2,154,179	318,047	-	2,472,226	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 6,298,659	\$ 455,038	\$ 265,415	\$ 6,488,282	\$ 77,398

*These liabilities are primarily retired by the General Fund.

**These liabilities are primarily retired by the Capital Projects Fund.

***This liability will be retired by the Kishwaukee TIF Fund.

Long-term liabilities payable from governmental activities at April 30, 2016 comprise the following:

Issue	Balances April 30	Current
Brownfield Revolving Loan Payable dated October 6, 2010 due in annual installments of \$8,750 on October 1, non-interest-bearing, through October 1, 2031.	\$ 140,000	\$ -
General Obligation Debt Certificates, Series 2005 dated July 19, 2005, due in annual installments on August 1 of \$1,237 to \$65,098 through August 1, 2025; including variable interest payable semiannually on August 1 and February 1.	585,098	50,000
Tax Increment General Mills Revenue Notes, Series 2003 dated March 17, 2003, due in annual installments plus interest of 8% through May 30, 2023.	3,036,000	-
Landfill postclosure liability	117,967	-
Compensated absences	136,991	27,398
Net other postemployment benefit obligation	2,472,226	-
TOTAL	\$ 6,488,282	\$ 77,398

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

a. Long-Term Debt - Governmental Activities (Continued)

The Brownfield Revolving Loan Payable proceeds were used to conduct contamination corrective action activities on properties owned by the City.

The City issued debt certificates to provide funds for the acquisition and construction of major capital facilities for governmental activities.

The City issued tax increment revenue notes for tax incremental financing district capital improvements. Payments of principal and interest are made solely from incremental property tax revenue. Interest continues to accrue on remaining principal balances until sufficient revenues are received to pay accrued interest and remaining principal balances.

Debt Service Requirements to Maturity

The annual requirements to amortize all debt outstanding as of April 30, 2016 are as follows:

Year Ending April 30,	Governmental Activities					
	Revolving Loan Payable			Debt Certificates		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 8,750	\$ -	\$ 8,750	\$ 50,000	\$ 8,121	\$ 58,121
2018	8,750	-	8,750	50,000	7,396	57,396
2019	8,750	-	8,750	55,000	6,635	61,635
2020	8,750	-	8,750	55,000	5,837	60,837
2021	8,750	-	8,750	60,000	5,003	65,003
2022	8,750	-	8,750	60,000	4,133	64,133
2023	8,750	-	8,750	60,000	3,264	63,264
2024	8,750	-	8,750	65,000	2,357	67,357
2025	8,750	-	8,750	65,000	1,415	66,415
2026	8,750	-	8,750	65,098	472	65,570
2027	8,750	-	8,750	-	-	-
2028	8,750	-	8,750	-	-	-
2029	8,750	-	8,750	-	-	-
2030	8,750	-	8,750	-	-	-
2031	8,750	-	8,750	-	-	-
2032	8,750	-	8,750	-	-	-
2033	-	-	-	-	-	-
TOTAL	\$ 140,000	\$ -	\$ 140,000	\$ 585,098	\$ 44,633	\$ 629,731

The tax increment revenue notes for tax increment financing of district capital improvements will only be repaid from the tax increment revenue generated by the applicable tax increment financing district.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

a. Long-Term Debt - Governmental Activities (Continued)

Debt Service Requirements to Maturity (Continued)

The City has outstanding bonds with remaining pledges of revenue outstanding. The schedule of pledged revenue for governmental activities is detailed below:

Debt Issue	Pledge Source	Pledge Remaining	Commitment End Date	Pledged Revenue	Principal and Interest Paid	Estimated Percent of Pledged Revenue
2003 Tax Incremental General Mills Revenue Notes	Incremental property tax revenue	\$3,036,000 plus accrued interest at 8%	May 30, 2023	\$ 21,712	\$ 7,185	33.09%

Landfill Closure Costs

The City is responsible for the cost associated with the continued maintenance and monitoring of the Belvidere Landfill #1 (Landfill #1) and Belvidere/Boone County Landfill #2 (Landfill #2). State and federal regulations require that final cover be placed on landfills when closed and certain maintenance and monitoring functions be performed at the respective landfill for 30 years at Landfill #1 and 15 years at Landfill #2. Landfill #1 ceased accepting solid waste in 1973 and post closure care started in 1990. In prior years the landfill was covered and, as of balance sheet date, post closure costs are continuing. The Federal Environmental Protection Agency has approved the shutdown of the extraction system and the reduction in frequency and the number of wells to be tested for a trial period of two years beginning in November 1995 and extended through October 2009, after which a re-evaluation of the shutdown would take place. This evaluation occurred in fiscal year 2009 and favorable results were obtained, the limited monitoring and maintenance as in the trial period will continue. \$72,500 of post closure care costs were incurred during the fiscal year. At balance sheet date, the estimated liability for landfill post closure care costs has a balance of \$80,467 based on favorable results after the initial trial period and 100% usage (filled) of the landfill.

The City and Boone County Share the costs of closing and continued maintenance of Landfill #2 on a 50/50 basis. The landfill ceased accepting solid waste in September 1992, and was issued a certificate of closure by the Illinois Environmental Protection Agency (IEPA) effective October 12, 1999, that begins the 15-year post closure care period. In prior years, the landfill was covered and as of April 30, 2016 post closure care costs are continuing. The City and Boone County (the County) must meet certain groundwater parameters for inorganic compounds before it can discontinue monitoring the site. The City and the County have petitioned the IEPA and the

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

a. Long-Term Debt - Governmental Activities (Continued)

Landfill Closure Costs (Continued)

Pollution Control Board for an “Adjusted Standard” in the currently in-place groundwater monitoring parameters. This petition was withdrawn by the County due to an agreement reached with the IEPA in March 2004. The agreement involves installing additional methane gas wells and a leachate extraction system at the landfill. This is considered remedial action. At year end, the estimated remaining liability is \$37,500.

b. Long-Term Debt - Business-Type Activities

Long-term liability activity for business-type activities for the year ended April 30, 2016 was as follows:

	May 1	Additions	Reductions	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
Waterworks and Sewerage refunding revenue bonds	\$ 1,710,000	\$ -	\$ 250,000	\$ 1,460,000	\$ 400,000
IEPA revolving loan	1,939,736	-	99,819	1,839,917	101,068
Compensated absences	77,368	68,145	77,368	68,145	13,629
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 3,727,104	\$ 68,145	\$ 427,187	\$ 3,368,062	\$ 514,697

Long-term liabilities payable from business-type activities at April 30, 2016 comprise the following:

Issue	Total	Current Portion
Revenue Bonds		
Waterworks and Sewerage Refunding Revenue Bonds, Series 2013 dated February 4, 2013, due in annual installments of \$200,000 to \$400,000 through February 1, 2020; including interest at 1.35% to 2.40%, payable semiannually in February and August.	\$ 1,460,000	\$ 400,000
IEPA Loan		
IEPA loan payable; due in semiannual installments of \$61,876, including interest at 1.25% through May 1, 2032.	1,839,917	101,068
Compensated absences	68,145	13,629
TOTAL	\$ 3,368,062	\$ 514,697

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

b. Long-Term Debt - Business-Type Activities (Continued)

The City issued waterworks and sewerage refunding revenue bonds to refund bonds issued for the acquisition and construction of major capital facilities.

The City entered in a loan agreement with the IEPA to provide low interest financing for wastewater improvements.

Debt Service Requirements to Maturity

The annual requirements to amortize all debt outstanding as of April 30, 2016 are as follows:

Year Ending April 30,	Business-Type Activities					
	IEPA Loan Payable			Waterworks and Sewerage Refunding Revenue Source Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 101,068	\$ 22,684	\$ 123,752	\$ 400,000	\$ 26,540	\$ 426,540
2018	102,335	21,417	123,752	400,000	18,840	418,840
2019	103,619	20,133	123,752	400,000	10,540	410,540
2020	104,917	18,835	123,752	260,000	3,120	263,120
2021	106,233	17,519	123,752	-	-	-
2022	107,565	16,187	123,752	-	-	-
2023	108,914	14,838	123,752	-	-	-
2024	110,280	13,472	123,752	-	-	-
2025	111,662	12,090	123,752	-	-	-
2026	113,062	10,690	123,752	-	-	-
2027	114,480	9,272	123,752	-	-	-
2028	115,916	7,836	123,752	-	-	-
2029	117,369	6,383	123,752	-	-	-
2030	118,841	4,911	123,752	-	-	-
2031	120,331	3,421	123,752	-	-	-
2032	121,840	1,912	123,752	-	-	-
2033	61,485	384	61,869	-	-	-
TOTAL	\$ 1,839,917	\$ 201,984	\$ 2,041,901	\$ 1,460,000	\$ 59,040	\$ 1,519,040

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT (Continued)

b. Long-Term Debt - Business-Type Activities (Continued)

The Waterworks and Sewerage Refunding Revenue Bonds require the following reserves to be maintained:

Operation and Maintenance Account: The bonds require a separate Operation and Maintenance Account to be maintained in an amount sufficient to pay operation and maintenance expenses for the then current and the next succeeding month.

Bond and Interest Account: The bonds require a separate Bond and Interest Account to be maintained to accumulate cash and investments for the subsequent principal and interest payment due on the bonds. The City must deposit a fractional amount of the principal and interest payment becoming due on the next succeeding payment date. The balance in this account as of April 30, 2016 was \$107,560.

The City has outstanding bonds with remaining pledges of revenue outstanding. The schedule of pledged revenue for business-type activities is detailed below:

Debt Issue	Pledge Source	Pledge Remaining	Commitment End Date	Pledged Revenue	Principal and Interest Paid	Estimated Percent of Pledged Revenue
Waterworks and Sewerage refunding revenue bonds	Net revenues of the Waterworks and Sewerage System	\$ 1,519,040	February 1, 2020	\$ 406,390	\$ 284,365	69.97%

c. Legal Debt Margin

The City 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. The City is a home rule municipality.

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses; and natural disasters. The City purchases commercial insurance and participates in the Illinois Municipal League Risk Management Association to manage these risks. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Illinois Municipal League Risk Management Association (IMLRMA) is a joint risk management pool comprised of 739 Illinois municipalities. The member agreement provides that IMLRMA's other members, has a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which it was a member. Supplemental contributions may be required to fund these deficits. There were no supplemental contributions paid in the previous three years.

6. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

7. INDIVIDUAL FUND DISCLOSURES

a. Advances From/To Other Funds

Individual fund interfund advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 55,198

The purposes of the due to/due from other funds are as follows:

- \$55,198 due from nonmajor governmental (Kishwaukee TIF Fund) to the General Fund to eliminate a deficit cash position. Repayment is not expected within one year.

CITY OF BELVIDERE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Interfund Transfers

Interfund transfers between funds for the year ended April 30, 2016 were as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 895,189
Nonmajor governmental		
Farmington SSA #2	-	14,567
Farmington SSA #3	14,567	-
Capital Projects	895,189	-
TOTAL	\$ 909,756	\$ 909,756

The purpose of significant transfers is as follows:

- \$895,189 transferred to the nonmajor governmental (Capital Projects Fund) from the General Fund to fund capital projects. This transfer will not be repaid.
- \$14,567 transferred to the nonmajor governmental (Farmington SSA #3 Fund) from the nonmajor governmental (Farmington SSA #2 Fund) to separately account for the special service area activity. This transfer will not be repaid.

8. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the City provides postemployment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The 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 City's governmental activities.

b. Benefits Provided

The City provides postemployment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are not eligible for benefits.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided (Continued)

All health care benefits are provided through the City's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

c. Membership

At April 30, 2015 (most recent available data), membership consisted of:

Retirees and beneficiaries currently receiving benefits	18
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>84</u>
TOTAL	<u>102</u>
Participating employers	<u><u>1</u></u>

d. Funding Policy

The City does not currently have a funding policy.

e. Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the prior two years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 717,111	\$ 373,552	52.09%	\$ 1,816,519
2015	578,144	198,215	34.28%	2,154,179
2016	556,265	238,218	42.83%	2,472,226

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation (NOPEBO) as April 30, 2016 was calculated as follows:

Annual required contribution	\$ 541,903
Interest on net OPEB obligation	86,167
Adjustment to annual required contribution	<u>(71,805)</u>
Annual OPEB cost	556,265
Contributions made	<u>(238,218)</u>
Increase (decrease) in net OPEB obligation	318,047
Net OPEB obligation, beginning of year	<u>2,154,179</u>
NET OPEB OBLIGATION, END OF YEAR - CITY PORTION	<u>\$ 2,472,226</u>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2015 (most recent available data) was as follows:

Actuarial accrued liability (AAL)	\$ 6,391,232
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	6,391,232
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 9,401,817
UAAL as a percentage of covered payroll	67.98%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions involve the 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

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2015 actuarial valuation (most recent available data), the entry-age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5.5% after seven years. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a 30-year open basis.

9. DEFINED BENEFIT PENSION PLANS

The City contributes to five defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF - City), Illinois Municipal Retirement Fund Elected County Officials (IMRF - ECO), and the Sheriff's Law Enforcement Personnel (SLEP) (also administered by IMRF) which are an agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all five plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. The Police and Firefighters' Pension Plans do not issue separate reports.

Illinois Municipal Retirement Fund - City, ECO, and SLEP

a. Plan Administration

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

b. Plan Membership

At December 31, 2015, the measurement date, IMRF membership consisted of:

	<u>IMRF - City</u>	<u>IMRF - ECO</u>	<u>SLEP</u>
Inactive employees or their beneficiaries currently receiving benefits	63	1	-
Inactive employees entitled to but not yet receiving benefits	26	-	-
Active employees	56	-	1
TOTAL	145	1	1

c. Benefits Provided

Illinois Municipal Retirement Fund - City

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all are established by state statute.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

c. Benefits Provided (Continued)

Illinois Municipal Retirement Fund - ECO

IMRF ECO provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3% of their final rate of earnings, for each year of credited service up to eight years, 4% for each year after eight years up to 12 years, and 5% for each year thereafter to a maximum of 80% at 20 years of service. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after eight or ten years of service. Participating members who retire at age 55 with eight years of Tier 1 service credit or after age 62 with ten years of Tier 2 service credit are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3% of their final rate of earnings, for each year of credited service up to eight years, 4% for each year after eight years up to 12 years, and 5% for each year thereafter to a maximum of 80% at 20 years of service.

SLEP

SLEP having accumulated at least 20 years of service and terminating IMRF participation or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. SLEP members meeting the two qualifications described in the first sentence of this paragraph are entitled to an annual retirement benefit payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings for each year of credited. For SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies.

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 members who retire at age 55 with ten years of Tier 2 service credit are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings for each year of credited. The pension for participating members who retire between age 50 and 55 will be reduced by 1/2% for each month under age 55. SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

d. Contributions

Participating members are required to contribute 4.5% and 7.5% for IMRF - City and SLEP, respectfully, of their annual salary to IMRF. There are no contributing employees for the IMRF - ECO. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the IMRF - City for the years ended December 31, 2014 and 2015 was 14.55% and 14.58% of covered payroll, respectfully. The employer contribution for SLEP for the years ended December 31, 2014 and 2015 was 17.98% and 18.37% of covered payroll, respectfully. There were no required contributions for the IMRF - ECO.

e. Actuarial Assumptions

The City's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions for IMRF - City, IMRF - ECO, and SLEP.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

f. Discount Rate

Illinois Municipal Retirement Fund - City

The discount rate used to measure the total pension liability was 7.46%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was not 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 of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.46% used to determine the total pension liability.

Illinois Municipal Retirement Fund - ECO

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

SLEP

The discount rate used to measure the total pension liability was 7.31%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was not 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 of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.31% used to determine the total pension liability.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

g. Changes in the Net Pension Liability (Asset)

Illinois Municipal Retirement Fund - City

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 20,779,776	\$ 18,200,780	\$ 2,578,996
Changes for the period			
Service cost	333,951	-	333,951
Interest	1,525,504	-	1,525,504
Difference between expected and actual experience	(129,658)	-	(129,658)
Changes in assumptions	50,861	-	50,861
Employer contributions	-	448,219	(448,219)
Employee contributions	-	138,625	(138,625)
Net investment income	-	89,709	(89,709)
Benefit payments and refunds	(1,104,619)	(1,104,619)	-
Other (net transfer)	-	296,584	(296,584)
Net changes	676,039	(131,482)	807,521
BALANCES AT DECEMBER 31, 2015	\$ 21,455,815	\$ 18,069,298	\$ 3,386,517

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

g. Changes in the Net Pension Liability (Asset) (Continued)

Illinois Municipal Retirement Fund - ECO

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2015	\$ 69,257	\$ 65,860	\$ 3,397
Changes for the period			
Service cost	-	-	-
Interest	5,194	-	5,194
Difference between expected and actual experience	(11,686)	-	(11,686)
Changes in assumptions	-	-	-
Employer contributions	-	-	-
Employee contributions	-	-	-
Net investment income	-	329	(329)
Benefit payments and refunds	-	-	-
Other (net transfer)	-	(3,414)	3,414
Net changes	(6,492)	(3,085)	(3,407)
BALANCES AT DECEMBER 31, 2015	\$ 62,765	\$ 62,775	\$ (10)

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

g. Changes in the Net Pension Liability (Asset) (Continued)

SLEP

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2015	\$ 542,702	\$ 493,761	\$ 48,941
Changes for the period			
Service cost	19,739	-	19,739
Interest	41,167	-	41,167
Difference between expected and actual experience	4,739	-	4,739
Changes in assumptions	9,797	-	9,797
Employer contributions	-	18,857	(18,857)
Employee contributions	-	7,866	(7,866)
Net investment income	-	2,536	(2,536)
Benefit payments and refunds	-	-	-
Other (net transfer)	-	(24,973)	24,973
Net changes	75,442	4,286	71,156
BALANCES AT DECEMBER 31, 2015	\$ 618,144	\$ 498,047	\$ 120,097

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

Total net pension liability for the City's IMRF plans is \$3,506,604 and is reported in the basic financial statements as follows:

Governmental activities	\$ 1,610,196
Business-type activities/Enterprise Fund	1,524,474
Discretely presented component unit/IDA Public Library	<u>371,934</u>
TOTAL	<u>\$ 3,506,604</u>

For the year ended December 31, 2015, the City recognized pension expense of \$555,010.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

- h. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Illinois Municipal Retirement Fund - City

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF - City from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 99,780
Changes in assumption	39,141	-
Net difference between projected and actual earnings on pension plan investments	1,013,644	-
Contributions made after measurement date	132,029	-
TOTAL	\$ 1,184,814	\$ 99,780

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF - City will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2016	\$ 367,282
2017	235,253
2018	235,253
2019	247,246
2020	-
Thereafter	-
TOTAL	\$ 1,085,034

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

- h. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Illinois Municipal Retirement Fund - ECO

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF - ECO from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	3,586	-
TOTAL	\$ 3,586	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF - ECO will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2016	\$ 896
2017	896
2018	897
2019	897
2020	-
Thereafter	-
TOTAL	\$ 3,586

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

h. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

SLEP

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to SLEP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,519	\$ -
Changes in assumption	7,274	-
Net difference between projected and actual earnings on pension plan investments	27,650	-
Contributions made after measurement date	5,748	-
TOTAL	<u>\$ 44,191</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to SLEP will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2016	\$ 16,403
2017	10,655
2018	10,219
2019	6,917
2020	-
Thereafter	-
TOTAL	<u>\$ 44,194</u>

Total net deferred outflows (inflows) for the City's IMRF plans is \$1,132,811 and is reported in the basic financial statements as follows:

Governmental activities	\$ 525,205
Business-type activities/Enterprise Fund	488,439
Discretely presented component unit/IDA Public Library	<u>119,167</u>
TOTAL	<u>\$ 1,132,811</u>

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City, ECO, and SLEP (Continued)

i. Discount Rate Sensitivity

Illinois Municipal Retirement Fund - City

The following is a sensitive analysis of the net pension liability - City to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.46% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.46%) or 1 percentage point higher (8.46%) than the current rate:

	1% Decrease (6.46%)	Current Discount Rate (7.46%)	1% Increase (8.46%)
Net pension liability	\$ 6,147,631	\$ 3,386,517	\$ 1,105,600

Illinois Municipal Retirement Fund - ECO

The following is a sensitive analysis of the net pension liability - ECO to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.50% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 5,807	\$ (10)	\$ (5,021)

SLEP

The following is a sensitive analysis of the net pension liability - SLEP to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.31% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.31%) or 1 percentage point higher (8.31%) than the current rate:

	1% Decrease (6.31%)	Current Discount Rate (7.31%)	1% Increase (8.31%)
Net pension liability	\$ 197,085	\$ 120,097	\$ 54,837

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan

a. Plan Administration

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

The plan is governed by a five-member Board of Trustees. Two members of the City Council are appointed by the City Mayor, one member is elected by pension beneficiaries, and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

b. Plan Membership

At April 30, 2016, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	26
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	41
 TOTAL	 68

c. Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive 2.5% of salary for each year of service. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

c. Benefits Provided (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

d. Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. The City's policy is to fund the actuarially determined contribution. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2016, the City's contribution was 35.89% of covered payroll.

e. Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government, investment grade corporate bonds, pooled accounts of the Illinois Metropolitan

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

e. Investment Policy (Continued)

Investment Funds, and Illinois Funds. The Fund may also invest in Illinois municipal corporations tax anticipation warrants, obligations of the State of Illinois and its political subdivisions, direct obligations of the State of Israel, Illinois insurance company general and separate accounts, mutual funds, corporate bonds rated as investment grade by one of the two largest rating services, and corporate equity securities. The investment policy was not modified during the year ended April 30, 2016.

The Fund's investment policy, in accordance with ILCS, establishes the following target allocation across asset classes:

Asset Class	Range	Target	Long-Term Expected Real Rate of Return
Cash, money market, and Illinois Funds	0%-10%	0.00%	N/A
Bank certificate of deposit	0%-10%	0.00%	N/A
U.S. Treasury securities	0%-40%	5.50%	1.80%
U.S. Government agency securities	0%-75%	27.50%	2.00%
U.S. Government agency MBS	0%-20%	0.00%	2.00%
Taxable municipal securities	0%-20%	5.50%	2.00%
Corporate bonds	0%-50%	16.50%	2.50%
U.S. large company stocks	0%-30%	29.25%	5.00%
U.S. mid-sized company stocks	0%-10%	4.50%	5.30%
U.S. small company stocks	0%-10%	4.50%	5.00%
Foreign stocks	0%-15%	6.75%	5.30%

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

e. Investment Policy (Continued)

The overall target for the Fund is approximately 55% invested in fixed income securities and 45% invested in equity securities. The long-term expected real rates of return are net of a 2.5% factor for inflation and investment expense. ILCS limit the Fund's investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using the Asset Management and Trust Division of the investment management consultant's proprietary research and analytical tools in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2016 are listed in the table above.

f. Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities, mutual funds, and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

g. Investment Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

h. Investment Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.02)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

i. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

j. Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. agency obligations	\$ 3,404,876	\$ 570,926	\$ 1,218,150	\$ 1,484,886	\$ 130,914
U.S. Treasury Securities	83,458	-	83,458	-	-
Mortgage-backed securities	11,363	-	7,601	-	3,762
Municipal bonds	841,894	101,596	402,467	337,831	-
Corporate bonds	4,041,023	383,928	2,142,834	1,514,261	-
TOTAL	\$ 8,382,614	\$ 1,056,450	\$ 3,854,510	\$ 3,336,978	\$ 134,676

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

k. Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Treasury obligations and other obligations which are rated in the top three classes by a national rating agency. The money market mutual funds are not rated. Illinois Funds are rated AAA. The U.S. agency obligations are rated AA+. The municipal bonds and corporate bonds range in rating from BBB+ to AAA by Standard and Poor's.

l. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party.

To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

m. Concentrations

There were no investments (other than mutual funds) in any one organization that represent 5% or more of plan net position for the Police Pension Plan.

n. Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

o. Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2015	\$ 31,974,241	\$ 18,609,897	\$ 13,364,344
Changes for the period			
Service cost	636,905	-	636,905
Interest	2,197,905	-	2,197,905
Difference between expected and actual experience	(1,063,512)	-	(1,063,512)
Changes in assumptions	(558,820)	-	(558,820)
Employer contributions	-	1,079,609	(1,079,609)
Employee contributions	-	291,900	(291,900)
Net investment income	-	(151,962)	151,962
Benefit payments and refunds	(1,151,208)	(1,151,208)	-
Administrative expense	-	(29,572)	29,572
Net changes	61,270	38,768	22,502
BALANCES AT APRIL 30, 2016	\$ 32,035,511	\$ 18,648,664	\$ 13,386,847

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

o. Changes in Net Pension Liability (Continued)

There was a change with respect to actuarial assumptions from the prior year. The assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.62% to 3.32% for the current year. The discount rate used in the determination of the total pension liability was changed from 6.48% to 7.00%. The demographic assumptions were changed based on a study of police officers and police pension funds in Illinois. The changes were made to better reflect the future anticipated experience of the Fund. The assumptions impacted include mortality rates, mortality improvement rates, retirement rates, disability rates, and termination rates.

p. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	2.50% to 14.20%
Interest rate	7.00%
Cost of living adjustments	3.00% (Tier 1) 2.00% (Tier 2)
Asset valuation method	Market

Mortality rates were based on the actuary's 2016 Illinois Police Mortality Rates Table.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

q. Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.00% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 18,554,869	\$ 13,386,846	\$ 9,217,260

r. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2016, the City recognized pension expense of \$282,404. At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 936,752
Changes in assumptions	-	492,214
Net difference between projected and actual earnings on pension plan investments	1,169,064	-
TOTAL	\$ 1,169,064	\$ 1,428,966

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

- r. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2017	\$ 98,900
2018	98,900
2019	98,900
2020	98,900
2021	(193,366)
Thereafter	<u>(462,136)</u>
 TOTAL	 <u>\$ (259,902)</u>

Firefighters' Pension Plan

- a. Plan Administration

Firefighter sworn personnel are covered by the Firefighters' Pension Plan, a single-employer defined benefit pension plan sponsored by the City. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-101) and may be amended only by the Illinois legislature. The City accounts for the Firefighters' Pension Plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the City Council are appointed by the City Mayor, one member is elected by pension beneficiaries, and two members are elected by active firefighter employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

b. Plan Membership

At April 30, 2016, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	29
 TOTAL	 62

c. Benefits Provided

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

d. Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with fewer than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary. The City's policy is to fund the actuarially determined contribution. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Firefighters' Pension Plan. The City has chosen a policy to fund 100% of the past service costs by 2040. For the year ended April 30, 2016, the City's contribution was 40.56% of covered payroll.

e. Investment Policy

ILCS limits the Firefighters' Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government, investment grade corporate bonds, pooled accounts of the Illinois Metropolitan Investment Funds, and Illinois Funds. The Fund may also invest in Illinois municipal corporations tax anticipation warrants, obligations of the State of Illinois and its political subdivisions, direct obligations of the State of Israel, Illinois insurance company general and separate accounts, mutual funds, corporate bonds rated as investment grade by one of the two largest rating services, and corporate equity securities. The investment policy was not modified during the year ended April 30, 2016.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

e. Investment Policy (Continued)

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Range	Target	Long-Term Expected Real Rate of Return
Large cap domestic equity	40%-100%	38.50%	6.50%
Small cap domestic equity	0%-40%	11.00%	8.50%
International equity	0%-20%	5.50%	6.80%
Fixed income	50%-60%	44.00%	1.30%
Cash/short-term	0%-5%	1.00%	N/A

The long-term expected real rates of return are net of a 3.15% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds, and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rates of return are the best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major assets class. Best estimates or geometric real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2016 are listed in the table above.

f. Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

g. Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.95)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

h. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

i. Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 875,140	\$ 50,117	\$ 226,828	\$ 598,195	\$ -
U.S. agency obligations	1,821,097	45,031	503,861	620,613	651,592
Municipal bonds	700,508	40,076	103,631	534,763	22,038
Corporate bonds	1,327,732	238,922	590,937	497,873	-
Asset-backed securities	90,756	-	-	-	90,756
TOTAL	\$ 4,815,233	\$ 374,146	\$ 1,425,258	\$ 2,251,444	\$ 764,386

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

j. Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Treasury obligations and other obligations which are rated in the top three classes by a national rating agency. The money market mutual funds are not rated. The U.S. agency obligations are rated AA+. The municipal bonds and corporate bonds range in rating from AA+ to BBB+ by Standard and Poor's.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

k. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. Money market mutual funds and mutual funds are not subject to custodial credit risk.

l. Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

m. Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2015	\$ 23,499,742	\$ 14,101,696	\$ 9,398,046
Changes for the period			
Service cost	477,887	-	477,887
Interest	1,602,246	-	1,602,246
Difference between expected and actual experience	540,219	-	540,219
Changes in assumptions	705,653	-	705,653
Employer contributions	-	783,447	(783,447)
Employee contributions	-	175,173	(175,173)
Net investment income	-	(278,241)	278,241
Benefit payments and refunds	(1,221,018)	(1,221,018)	-
Administrative expense	-	(33,155)	33,155
Net changes	2,104,987	(573,794)	2,678,781
BALANCES AT APRIL 30, 2016	\$ 25,604,729	\$ 13,527,902	\$ 12,076,827

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

m. Changes in the Net Pension Liability (Continued)

There was a change with respect to actuarial assumptions from the prior year. The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.62% to 3.32% for the current year. The discount rate used in the determination of the total pension liability was changed from 6.91% to 7.00%. The demographic assumptions were changed based on a study of firefighters and firefighters' pension funds in Illinois. The changes were made to better reflect the future anticipated experience of the Fund. The assumptions impacted include mortality rates, mortality improvement rates, retirement rates, disability rates, and termination rates.

n. Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	4.25% to 10.00%
Interest rate	7.00%
Cost of living adjustments	3.00% (Tier 1) 2.00% (Tier 2)
Asset valuation method	Market

Mortality rates were based on the actuary's 2016 Illinois Firefighters Mortality Rates.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

o. Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.0% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 15,606,679	\$ 12,076,827	\$ 9,177,806

p. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2016, the City recognized pension expense of \$596,806. At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 467,413	\$ -
Changes in assumption	610,550	-
Net difference between projected and actual earnings on pension plan investments	1,004,012	-
TOTAL	\$ 2,081,975	\$ -

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

p. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension Plan will be recognized in pension expense as follows:

<u>Year Ending</u> <u>April 30,</u>	
2017	\$ 418,911
2018	418,911
2019	418,911
2020	418,911
2021	167,908
Thereafter	<u>238,423</u>
TOTAL	<u>\$ 2,081,975</u>

Police Pension Plan and Firefighters' Pension Plan

a. Plan Net Position

	<u>Police</u> <u>Pension</u>	<u>Firefighters'</u> <u>Pension</u>	<u>Total</u>
ASSETS			
Cash and short-term investments	\$ 9,145	\$ 1,375	\$ 10,520
Investments at fair value			
U.S. Treasury obligations	83,458	875,140	958,598
U.S. agency obligations	3,404,876	1,821,097	5,225,973
Municipal bonds	841,894	700,508	1,542,402
Corporate bonds	4,041,023	1,327,732	5,368,755
Mortgage-backed securities	11,363	90,756	102,119
Equities	4,616,267	-	4,616,267
Mutual funds	5,037,273	6,487,610	11,524,883
Money market mutual funds	149,676	33,769	183,445
Insurance contracts	366,267	2,152,258	2,518,525
Accrued interest receivable	95,699	35,777	131,476
Prepaid items	530	4,647	5,177
Total assets	18,657,471	13,530,669	32,188,140

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan and Firefighters' Pension Plan (Continued)

a. Plan Net Position (Continued)

	Police Pension	Firefighters' Pension	Total
LIABILITIES			
Accounts payable	\$ 8,807	\$ 2,767	\$ 11,574
Total liabilities	8,807	2,767	11,574
NET POSITION RESTRICTED FOR PENSION			
	<u>\$ 18,648,664</u>	<u>\$ 13,527,902</u>	<u>\$ 32,176,566</u>

b. Changes in Plan Net Position

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,079,609	\$ 783,447	\$ 1,863,056
Employee	291,900	175,173	467,073
Total contributions	1,371,509	958,620	2,330,129
Investment income			
Net depreciation in fair value investments	(742,253)	(427,436)	(1,169,689)
Interest	649,097	208,425	857,522
Total investment income	(93,156)	(219,011)	(312,167)
Less investment expense	(58,806)	(59,230)	(118,036)
Net investment income	(151,962)	(278,241)	(430,203)
Total additions	1,219,547	680,379	1,899,926

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan and Firefighters' Pension Plan (Continued)

b. Changes in Plan Net Position (Continued)

	Police Pension	Firefighters' Pension	Total
DEDUCTIONS			
Benefits and refunds	\$ 1,151,208	\$ 1,221,018	\$ 2,372,226
Administrative expenses	29,572	33,155	62,727
Total deductions	1,180,780	1,254,173	2,434,953
NET INCREASE (DECREASE)	38,767	(573,794)	(535,027)
NET POSITION RESTRICTED FOR PENSIONS			
May 1	18,609,897	14,101,696	32,711,593
April 30	\$ 18,648,664	\$ 13,527,902	\$ 32,176,566

10. DISCRETELY PRESENTED COMPONENT UNIT - IDA PUBLIC LIBRARY

The Library maintains and cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on financial statements as "cash and investments." In addition, investments are separately held by several of the Library's funds.

The Library is authorized to invest in all investments allowed by ILCS. These include deposits/investments insured by the FDIC, obligations or securities guaranteed by the United States of America, direct obligations of any bank as defined by the Illinois Banking Act, certain money market mutual funds, and Illinois Funds (a money market fund created by the State legislature under the control of the State Treasurer that maintains a \$1 share value).

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Library's deposit may not be returned. The Library's policy requires that funds on deposits in excess of FDIC coverage must be secured at least 100% of the fair market value of the net amount of the funds secured. Pledged collateral is to be held by an independent third party depository. Of the bank balance of the Library's deposits, \$230,256 was exposed to custodial credit risk.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DISCRETELY PRESENTED COMPONENT UNIT - IDA PUBLIC LIBRARY
(Continued)

b. Investments

As of April 30, 2016, the Library had investments and maturities as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Series HH U.S. Treasury Bonds	\$ 6,020	\$ -	\$ 6,020	\$ -	\$ -
TOTAL	\$ 6,020	\$ -	\$ 6,020	\$ -	\$ -

The Library also holds 1,608 shares of Consolidated Edison common stock with a fair value of \$118,879 at April 30, 2016.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed with the underlying investments held by a third party custodian and held in the Library's name.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment in securities allowed under the investment policy. The Library's investment policy does not address credit risk.

Concentration of the credit risk is the risk that the Library has a high percentage of their investments invested in one investment. The Library's investment policy requires diversification of investments to avoid unreasonable risk but does not contain any specific diversification targets.

c. Property Taxes

Property taxes for 2015 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DISCRETELY PRESENTED COMPONENT UNIT - IDA PUBLIC LIBRARY
(Continued)

d. Capital Assets

Capital assets purchased or acquired with an original cost in excess of \$2,500 are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date received. Addition, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Infrastructure such as streets, traffic signals, and signs are capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

	Years
Improvements	5
Building	40
Equipment	5

The Library's capital asset activity for the year ended April 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 181,150	\$ -	\$ -	\$ 181,150
Capital assets being depreciated				
Improvements	8,697	-	-	8,697
Buildings	1,812,486	-	-	1,812,486
Equipment	48,672	69,126	-	117,798
Total capital assets being depreciated	1,869,855	69,126	-	1,938,981
Less accumulated depreciation for				
Land improvements	8,697	-	-	8,697
Buildings	958,262	42,212	-	1,000,474
Equipment	17,760	32,719	-	50,479
Total accumulated depreciation	984,719	74,932	-	1,059,651
Total capital assets being depreciated, net	885,136	(5,806)	-	879,330
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 1,066,286	\$ (5,806)	\$ -	\$ 1,060,480

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. DISCRETELY PRESENTED COMPONENT UNIT - IDA PUBLIC LIBRARY
(Continued)

e. Long-Term Debt

Mortgage Loans Payable

The Library has four outstanding mortgage loans payable as of April 30, 2016. Mortgages have been issued for capital improvement costs and range in interest rates from 4.5% to 6.1%.

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

	May 1	Additions	Reductions	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
Mortgage notes payable	\$ 358,471	\$ -	\$ 14,034	\$ 344,437	\$ 92,113
Compensated absences	11,336	7,238	11,336	7,238	1,448
Net other postemployment benefit obligation	42,269	9,970	-	52,239	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 412,076	\$ 17,208	\$ 25,370	\$ 403,914	\$ 93,561

f. Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Year Ending	Principal	Interest
2017	\$ 14,566	\$ 14,892
2018	152,058	12,554
2019	9,266	10,757
2020	9,828	10,194
2021	158,719	9,119
TOTAL	\$ 344,437	\$ 578,516

CITY OF BELVIDERE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. PRIOR PERIOD ADJUSTMENTS/CHANGE IN ACCOUNTING PRINCIPLE

	Governmental Activities	General Fund	Nonmajor Fund
PRIOR PERIOD ADJUSTMENTS			
To correct advance made from the General Fund to the Kishwaukee TIF Fund (Nonmajor)	\$ -	\$ (128,267)	\$ 128,267
To correct the value of land held for resale	93,750	93,750	-
To correct revenue recognition	(173,295)	(173,295)	-
To include the Foreign Fire Insurance Fund (Nonmajor) in the City's reporting entity	31,864	-	31,864
TOTAL PRIOR PERIOD ADJUSTMENTS	\$ (47,681)	\$ (207,812)	\$ 160,131
			Increase (Decrease)
CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES			
Change in accounting principle			
To write-off the Police and Firefighters' Pension Plans net pension obligations			\$ 3,683,636
To record the Police Pension Plan net pension liability			(13,364,344)
To record the Firefighters' Pension Plan net pension liability			(9,398,046)
To record the IMRF net pension liability/deferred items			(829,059)
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES			\$ (19,907,813)
CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES			
Change in accounting principle			
To record deferred outflows of resources - IMRF			\$ 390,172
To record the IMRF net pension liability			(1,160,961)
To record deferred inflows of resources - IMRF			(24,825)
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES			\$ (795,614)

With the implementation of GASB Statement No. 68 and No. 71, the City is required to retroactively record the net pension liability and write-off any net pension obligations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELVIDERE, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2016

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	\$ -	\$ 9,650,214	0.00%	\$ 9,650,214	\$ 7,015,524	137.56%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	6,391,232	0.00%	\$ 6,391,232	9,401,817	67.98%
2016	N/A	N/A	N/A	N/A	N/A	N/A

N/A - information not available

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND - CITY**

April 30, 2016

	<u>2016</u>
Actuarially determined contribution	\$ 434,831
Contributions in relation to the actuarially determined contribution	<u>434,831</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 3,080,542
Contributions as a percentage of covered-employee payroll	14.12%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2013. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually, and postretirement benefit increases of 3.0% compounded annually.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND - ECO**

April 30, 2016

	<u>2016</u>
Actuarially determined contribution	\$ -
Contributions in relation to the actuarially determined contribution	<u>-</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ -</u></u>
Covered-employee payroll	\$ -
Contributions as a percentage of covered-employee payroll	0.00%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2013. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually, and postretirement benefit increases of 3.0% compounded annually.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP**

April 30, 2016

	<u>2016</u>
Actuarially determined contribution	\$ 18,619
Contributions in relation to the actuarially determined contribution	<u>18,619</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 104,881
Contributions as a percentage of covered-employee payroll	17.75%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2014. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually, and postretirement benefit increases of 3.0% compounded annually.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

April 30, 2016

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,072,241	\$ 1,072,241
Contribution in relation to the actuarially determined contribution	<u>1,079,608</u>	<u>1,011,718</u>
CONTRIBUTION DEFICIENCY (Excess)	<u><u>\$ (7,367)</u></u>	<u><u>\$ 60,523</u></u>
Covered-employee payroll	\$ 3,008,035	\$ 2,841,724
Contributions as a percentage of covered-employee payroll	35.89%	35.60%

Notes to the Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 24 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 7.0% annually, projected salary increase assumption of 2.50% to 14.20% annually, and postretirement benefit increases of 3.0% compounded annually.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

April 30, 2016

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 775,947	\$ 775,947
Contribution in relation to the actuarially determined contribution	<u>783,447</u>	<u>786,258</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ (7,500)</u>	<u>\$ (10,311)</u>
Covered-employee payroll	\$ 1,931,658	\$ 1,823,708
Contributions as a percentage of covered-employee payroll	40.56%	43.11%

Notes to the Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 24 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 7.0% annually, projected salary increase assumption of 4.25% to 10.00% annually, and postretirement benefit increases of 3.0% compounded annually.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN**

April 30, 2016

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2011	\$ 136,323	\$ 430,230	31.69%
2012	145,431	423,874	34.31%
2013	352,408	667,256	52.81%
2014	373,552	707,291	52.81%
2015	198,213	534,313	37.10%
2016	238,218	541,903	43.96%

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND - CITY**

April 30, 2016

	<u>2016</u>
TOTAL PENSION LIABILITY	
Service cost	\$ 333,951
Interest	1,525,504
Differences between expected and actual experience	(129,658)
Changes of assumptions	50,861
Benefit payments, including refunds of member contributions	<u>(1,104,619)</u>
Net change in total pension liability	676,039
Total pension liability - beginning	<u>20,779,776</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 21,455,815</u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 448,219
Contributions - member	138,625
Net investment income	89,709
Benefit payments, including refunds of member contributions	(1,104,619)
Other	<u>296,584</u>
Net change in plan fiduciary net position	(131,482)
Plan fiduciary net position - beginning	<u>18,200,780</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 18,069,298</u>
EMPLOYER'S NET PENSION LIABILITY	<u>\$ 3,386,517</u>
Plan fiduciary net position as a percentage of the total pension liability	84.2%
Covered-employee payroll	\$ 3,080,542
Employer's net pension liability as a percentage of covered-employee payroll	109.9%

Notes to Schedule:

*IMRF's measurement date is December 31, 2015; therefore information above is presented for the calendar year ended December 31, 2015.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND - ECO

April 30, 2016

	<u>2016</u>
TOTAL PENSION LIABILITY	
Service cost	\$ -
Interest	5,194
Differences between expected and actual experience	(11,686)
Changes of assumptions	-
Benefit payments, including refunds of member contributions	-
	<hr/>
Net change in total pension liability	(6,492)
Total pension liability - beginning	<hr/> 69,257
TOTAL PENSION LIABILITY - ENDING	<hr/> \$ 62,765 <hr/>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ -
Contributions - member	-
Net investment income	329
Benefit payments, including refunds of member contributions	(3,414)
Other	-
	<hr/>
Net change in plan fiduciary net position	(3,085)
Plan fiduciary net position - beginning	<hr/> 65,860
PLAN FIDUCIARY NET POSITION - ENDING	<hr/> \$ 62,775 <hr/>
EMPLOYER'S NET PENSION LIABILITY	<hr/> \$ (10) <hr/>
Plan fiduciary net position	
as a percentage of the total pension liability	100.0%
Covered-employee payroll	\$ -
Employer's net pension liability	
as a percentage of covered-employee payroll	0.0%

Notes to Schedule

*IMRF's measurement date is December 31, 2015; therefore information above is presented for the calendar year ended December 31, 2015.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP**

April 30, 2016

	<u>2016</u>
TOTAL PENSION LIABILITY	
Service cost	\$ 19,739
Interest	41,167
Differences between expected and actual experience	4,739
Changes of assumptions	9,797
Benefit payments, including refunds of member contributions	<u>-</u>
Net change in total pension liability	75,442
Total pension liability - beginning	<u>542,702</u>
TOTAL PENSION LIABILITY - ENDING	<u><u>\$ 618,144</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 18,857
Contributions - member	7,866
Net investment income	2,536
Benefit payments, including refunds of member contributions	-
Other	<u>(24,973)</u>
Net change in plan fiduciary net position	4,286
Plan fiduciary net position - beginning	<u>493,761</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u><u>\$ 498,047</u></u>
EMPLOYER'S NET PENSION LIABILITY	<u><u>\$ 120,097</u></u>
Plan fiduciary net position as a percentage of the total pension liability	80.6%
Covered-employee payroll	\$ 104,881
Employer's net pension liability as a percentage of covered-employee payroll	114.5%

*IMRF's measurement date is December 31, 2015; therefore information above is presented for the calendar year ended December 31, 2015.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

April 30, 2016

	<u>2016*</u>
TOTAL PENSION LIABILITY	
Service cost	\$ 636,905
Interest	2,197,905
Differences between expected and actual experience	(1,063,512)
Changes to actuarial assumptions*	(558,820)
Benefit payments, including refunds of member contributions	<u>(1,151,208)</u>
Net change in total pension liability	61,270
Total pension liability - beginning	<u>31,974,241</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 32,035,511</u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 1,079,609
Contributions - member	291,901
Net investment income	(151,962)
Benefit payments, including refunds of member contributions	(1,151,208)
Administrative expense	<u>(29,572)</u>
Net change in plan fiduciary net position	38,768
Plan fiduciary net position - beginning	<u>18,609,897</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 18,648,665</u>
EMPLOYER'S NET PENSION LIABILITY	<u>\$ 13,386,846</u>
Plan fiduciary net position as a percentage of the total pension liability	58.2%
Covered-employee payroll	\$ 3,008,035
Employer's net pension liability as a percentage of covered-employee payroll	445.0%

Notes to Schedule

* An actuarial valuation performed in compliance with the requirements of GASB Statement No. 67 was not obtained for the fiscal year ended April 30, 2015.

There was a change with respect to actuarial assumptions from the prior year. The assumed rate on Hg Quality 20 Year Tax-Exempt G.O Bonds was changed from 3.62% to 3.32% for the current year. The discount rate used in the determination of the Total Pension Liability was changed from 6.48% to 7.00%. The demographic assumptions were changed based on a study of police officers and police pension funds in Illinois. The changed were made to better reflect the future anticipated experience of the fund. The assumptions impacted include mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND

April 30, 2016

	<u>2016*</u>
TOTAL PENSION LIABILITY	
Service cost	\$ 477,887
Interest	1,602,246
Differences between expected and actual experience	540,219
Changes to actuarial assumptions*	705,653
Benefit payments, including refunds of member contributions	<u>(1,221,018)</u>
Net change in total pension liability	2,104,987
Total pension liability - beginning	<u>23,499,742</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 25,604,729</u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 783,447
Contributions - member	175,173
Net investment income	(278,241)
Benefit payments, including refunds of member contributions	(1,221,018)
Administrative expense	<u>(33,155)</u>
Net change in plan fiduciary net position	(573,794)
Plan fiduciary net position - beginning	<u>14,101,696</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 13,527,902</u>
EMPLOYER'S NET PENSION LIABILITY	<u>\$ 12,076,827</u>
Plan fiduciary net position as a percentage of the total pension liability	52.8%
Covered-employee payroll	\$ 1,931,658
Employer's net pension liability as a percentage of covered-employee payroll	625.2%

Notes to Schedule

* An actuarial valuation performed in compliance with the requirements of GASB Statement No. 67 was not obtained for the fiscal year ended April 30, 2015.

There was a change with respect to actuarial assumptions from the prior year. The assumed rate on Hg Quality 20 Year Tax-Exempt G.O Bonds was changed from 3.62% to 3.32% for the current year. The discount rate used in the determination of the Total Pension Liability was changed from 6.91% to 7.00%. The demographic assumptions were changed based on a study of firefighters and fire fighters' pension funds in Illinois. The changes were made to better reflect the future anticipated experience of the fund. The assumptions impacted include mortality rates, mortality improvement rates, retirement rates, disability rates and termination rates.

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

April 30, 2016

	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	(1.02%)

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND**

April 30, 2016

	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	(1.95)%

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 13,853,024	\$ 14,191,559	\$ 14,131,443
Licenses and permits	347,872	370,771	370,771
Intergovernmental	84,334	105,061	105,061
Fines and forfeits	927,769	914,022	915,899
Investment income	16,130	20,646	20,646
Miscellaneous	843,534	703,615	541,985
	<hr/>	<hr/>	<hr/>
Total revenues	16,072,663	16,305,674	16,085,805
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General government	2,441,115	2,268,200	1,954,791
Public safety	11,113,886	10,732,331	10,764,281
Highways and streets	1,879,588	1,872,192	1,873,459
Health and social services	28,000	23,000	23,000
Community and economic development	859,600	199,306	199,306
	<hr/>	<hr/>	<hr/>
Total expenditures	16,322,189	15,095,029	14,814,837
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(249,526)	1,210,645	1,270,968
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,500,000	133,705	-
Transfers (out)	(1,147,281)	(1,147,252)	(895,189)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	352,719	(1,013,547)	(895,189)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ 103,193	\$ 197,098	375,779
	<hr/>	<hr/>	<hr/>
FUND BALANCE, MAY 1, AS PREVIOUSLY REPORTED			11,003,529
Prior period adjustment			<hr/> (207,812)
FUND BALANCE, MAY 1, RESTATED			<hr/> 10,795,717
			<hr/>
FUND BALANCE, APRIL 30			<u><u>\$ 11,171,496</u></u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2016

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the General, Special Revenue, and Enterprise Funds, except for the Kishwaukee TIF #2 Fund and Foreign Fire Insurance Fund. The appropriation ordinance represents the legal spending limits for the City. The budget is used to control those limits. All annual appropriations lapse at fiscal year end. One budget amendment was made for the current fiscal year.

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

The City Finance/Budget Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted by the City to obtain taxpayer comments.

Subsequently, the budget is legally enacted through passage of an ordinance.

The legal level of budgetary control is at the fund level. The City Council can transfer budgeted amounts between line items; however, any revision altering both revenues and budgeted expenditures for any fund must be approved by a two-thirds council action.

Budgetary authority lapses at year end.

OTHER SUPPLEMENTARY INFORMATION

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
TAXES			
Property taxes	\$ 4,873,148	\$ 4,899,075	\$ 4,899,073
Personal property replacement tax	260,567	339,761	276,600
Income tax	2,532,915	2,731,920	2,726,656
Sales tax	3,202,519	3,195,463	3,201,200
State use tax	496,349	588,796	592,725
Hotel/motel tax	4,736	2,798	2,798
Video gambling tax	93,600	184,058	196,092
Auto rental tax	5,760	6,256	6,256
Telecommunications tax	171,600	172,425	172,574
Utility Tax	2,211,830	2,071,007	2,057,469
Total taxes	13,853,024	14,191,559	14,131,443
INTERGOVERNMENTAL			
Grants	84,334	105,061	105,061
Total intergovernmental	84,334	105,061	105,061
LICENSES AND PERMITS			
Liquor licenses	66,000	115,175	115,175
Business Licenses	15,500	18,088	18,088
Building permits	202,902	187,991	187,991
Electrical permits	21,675	21,574	21,574
Plumbing permits	14,760	9,258	9,258
HVAC Permits	9,440	3,627	3,627
Amusement machine permits	7,740	7,600	7,600
Other	9,855	7,458	7,458
Total licenses and permits	347,872	370,771	370,771

(This schedule is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND**

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
FINES AND FORFEITS			
Circuit court fines	\$ 360,000	\$ 382,451	\$ 377,182
Parking fines	9,000	6,028	6,028
Engineering fees	20,000	-	-
Electrician certification fees	4,500	2,550	2,550
Plan review fees	33,155	40,993	40,993
Sidewalk/Lot grading	3,620	2,763	2,763
Franchise fees	254,717	269,728	276,890
Death and birth certificates	17,253	18,225	18,225
Accident/fire reports	5,675	4,850	4,850
Seized vehicle fees	91,200	73,830	73,830
Tipping fees	100,000	97,756	97,740
Code enforcement	4,600	11,500	11,500
Annexation/plat fees	20,000	-	-
Zoning review fee	4,049	3,348	3,348
Total fines and forfeits	<u>927,769</u>	<u>914,022</u>	<u>915,899</u>
INVESTMENT INCOME			
Investment income	<u>16,130</u>	<u>20,646</u>	<u>20,646</u>
MISCELLANEOUS			
Reimbursements	579,411	419,924	212,141
Other	264,123	283,691	329,844
Total miscellaneous	<u>843,534</u>	<u>703,615</u>	<u>541,985</u>
TOTAL REVENUES	<u>\$ 16,072,663</u>	<u>\$ 16,305,674</u>	<u>\$ 16,085,805</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Personnel services			
Salaries - elected officials	\$ 207,623	\$ 207,623	\$ 208,149
Salaries - regular	215,775	215,619	216,772
Group health insurance	392,008	426,535	426,535
Dental insurance claims paid	40,000	33,617	33,617
Group life insurance	1,530	1,331	1,331
IMRF	228,512	334,797	181,146
FICA	202,000	191,738	44,138
Medicare	130,000	122,988	122,988
Total personnel services	<u>1,417,448</u>	<u>1,534,248</u>	<u>1,234,676</u>
Contractual services			
Accounting and auditing	35,000	33,700	33,700
Codification	6,000	950	950
Legal	13,800	5,624	5,624
Liability insurance	731,217	462,849	449,012
Telephone	15,500	20,966	20,966
Other professional services	5,000	14,668	14,668
Total contractual services	<u>806,517</u>	<u>538,757</u>	<u>524,920</u>
Commodities			
Meetings and conferences	16,340	11,727	11,727
Office supplies	77,970	46,927	46,927
Other communications	4,300	3,101	3,101
Heritage days	-	1,872	1,872
Subscriptions and educational materials	600	619	619
Repairs and maintenance - building	22,660	19,690	19,690
Repairs and maintenance - equipment	5,000	2,249	2,249
Reimbursements - Seized Vehicle	-	600	600
Other Supplies	7,000	6,062	6,062
Miscellaneous	83,280	102,348	102,348
Total commodities	<u>217,150</u>	<u>195,195</u>	<u>195,195</u>
Total general government	<u>2,441,115</u>	<u>2,268,200</u>	<u>1,954,791</u>
PUBLIC SAFETY			
Police department			
Personnel services			
Salaries	3,341,688	3,192,442	3,229,202
Overtime	403,000	359,987	362,854
Police pension	1,013,800	1,015,437	1,015,437
Group health insurance	750,941	686,280	686,280
Dental insurance claims paid	50,000	33,216	33,216
Unemployment compensation	-	-	-
Uniform allowance	64,636	61,488	61,488
Training	63,505	62,529	62,529
Physical exams	4,270	-	-
Total personnel services	<u>5,691,840</u>	<u>5,411,379</u>	<u>5,451,006</u>

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Police department (Continued)			
Contractual services			
Telephone	\$ 45,768	\$ 41,831	\$ 41,831
Total contractual services	<u>45,768</u>	<u>41,831</u>	<u>41,831</u>
Commodities			
Community policing	7,725	7,635	7,635
K-9 expenses	4,650	3,451	3,451
Repairs and maintenance - vehicle	113,475	93,748	93,748
Police equipment - maintenance	11,345	12,274	12,274
Office supplies	10,000	9,515	9,515
Gas and oil	151,000	77,836	77,836
Operating supplies	39,115	31,778	31,778
Miscellaneous	40,500	37,200	3,063
Total commodities	<u>377,810</u>	<u>273,437</u>	<u>239,300</u>
Capital outlay			
Equipment	36,710	34,754	34,754
Total capital outlay	<u>36,710</u>	<u>34,754</u>	<u>34,754</u>
Total police department	<u>6,152,128</u>	<u>5,761,401</u>	<u>5,766,891</u>
Public safety building			
Personnel services			
Salaries	633,185	586,715	586,715
Other - fica and imrf	120,000	116,092	116,092
Total personnel services	<u>753,185</u>	<u>702,807</u>	<u>702,807</u>
Contractual services			
Public safety building expenses	170,776	327,940	327,940
Total contractual services	<u>170,776</u>	<u>327,940</u>	<u>327,940</u>
Total public safety building	<u>923,961</u>	<u>1,030,747</u>	<u>1,030,747</u>
Fire department			
Personnel services			
Salaries	2,046,645	1,951,981	1,968,648
Overtime	197,250	234,519	241,659
Fire pension	721,600	719,276	719,276
Group health insurance	424,242	391,457	391,457
Dental insurance claims paid	35,000	26,907	26,907
Uniform allowance	34,000	39,236	39,236
Training	29,650	23,715	23,715
Physical exams	2,500	1,623	1,623
Total personnel services	<u>3,490,887</u>	<u>3,388,714</u>	<u>3,412,521</u>

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Fire department (Continued)			
Contractual services			
Telephone	\$ 12,680	\$ 14,002	\$ 14,002
Total contractual services	<u>12,680</u>	<u>14,002</u>	<u>14,002</u>
Commodities			
Gas and oil	23,700	16,207	16,207
Fire prevention	4,650	7,163	7,163
Repairs and maintenance - building	51,050	52,026	52,026
Repairs and maintenance - vehicle	55,200	58,527	58,527
Office supplies	12,530	15,180	15,180
Operating supplies	9,000	11,540	11,540
Miscellaneous	1,000	996	995
Total commodities	<u>157,130</u>	<u>161,639</u>	<u>161,638</u>
Capital outlay			
Equipment	51,000	38,869	38,869
Total capital outlay	<u>51,000</u>	<u>38,869</u>	<u>38,869</u>
Total fire department	<u>3,711,697</u>	<u>3,603,224</u>	<u>3,627,030</u>
Police and fire commission			
Personnel services			
Physical exams	17,391	13,280	13,280
Total personnel services	<u>17,391</u>	<u>13,280</u>	<u>13,280</u>
Contractual services			
Miscellaneous contractual services	5,483	16,720	16,720
Total contractual services	<u>5,483</u>	<u>16,720</u>	<u>16,720</u>
Total police and fire commission	<u>22,874</u>	<u>30,000</u>	<u>30,000</u>
Building department			
Personnel services			
Salaries	161,328	161,690	164,345
FICA	32,151	12,369	12,369
IMRF	-	19,945	19,945
Community development health	36,972	43,258	43,258
Community development dental	3,000	2,517	2,517
Training	4,500	4,445	4,445
Total personnel services	<u>237,951</u>	<u>244,224</u>	<u>246,879</u>
Contractual services			
Telephone	600	2,443	2,443
Other professional services	44,950	45,846	45,846
Total contractual services	<u>45,550</u>	<u>48,289</u>	<u>48,289</u>

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Building department (Continued)			
Commodities			
Postage	\$ 1,000	\$ 778	\$ 778
Printing and publishing	1,500	1,418	1,418
Office supplies	4,460	3,429	3,429
Repairs and maintenance - equipment	3,500	2,149	2,149
Gas and oil	2,465	782	782
Miscellaneous	1,000	574	573
Total commodities	<u>13,925</u>	<u>9,130</u>	<u>9,129</u>
Total building department	<u>297,426</u>	<u>301,643</u>	<u>304,297</u>
Civil defense			
Commodities			
Miscellaneous	5,800	5,316	5,316
Total commodities	<u>5,800</u>	<u>5,316</u>	<u>5,316</u>
Total civil defense	<u>5,800</u>	<u>5,316</u>	<u>5,316</u>
Total public safety	<u>11,113,886</u>	<u>10,732,331</u>	<u>10,764,281</u>
HIGHWAYS AND STREETS			
Street department			
Personnel services			
Salaries	597,790	560,396	563,159
Overtime	40,000	34,967	34,967
Group health insurance	194,398	200,768	199,274
Uniform allowance	15,000	13,396	13,396
Training	1,500	219	218
Total personnel services	<u>848,688</u>	<u>809,746</u>	<u>811,014</u>
Contractual services			
Telephone	6,000	5,883	5,882
Leaf cleanup	15,000	14,872	14,872
Total contractual services	<u>21,000</u>	<u>20,755</u>	<u>20,754</u>
Commodities			
Office supplies	6,400	3,480	3,480
Gas and oil	85,000	56,988	56,988
Repairs and maintenance - storm	25,000	25,576	25,576
Repairs and maintenance - sidewalk	40,000	59,127	59,127
Repairs and maintenance - building	15,000	21,554	21,554
Repairs and maintenance - equipment	130,000	117,438	117,438
Repairs and maintenance - traffic	33,000	25,204	25,204
Parking lot maintenance	90,500	85,267	85,267
Operating supplies	16,000	28,232	28,232
Miscellaneous	2,100	15,946	15,946
Total commodities	<u>443,000</u>	<u>438,812</u>	<u>438,812</u>

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
HIGHWAYS AND STREETS (Continued)			
Street department (Continued)			
Capital outlay			
Equipment	\$ -	\$ 40,201	\$ 40,201
Total capital outlay	-	40,201	40,201
Total street department	1,312,688	1,309,514	1,310,781
Street lighting			
Contractual services			
Electric	320,000	289,864	289,864
Total contractual services	320,000	289,864	289,864
Commodities			
Repairs and maintenance - street lighting	20,000	40,373	40,373
Total commodities	20,000	40,373	40,373
Total street lighting	340,000	330,237	330,237
Garbage			
Commodities			
Miscellaneous	71,000	69,412	69,412
Total commodities	71,000	69,412	69,412
Total garbage	71,000	69,412	69,412
Forestry			
Contractual services			
Tree removal/purchase	100,000	135,380	135,380
Total contractual services	100,000	135,380	135,380
Commodities			
Miscellaneous	1,000	-	-
Total commodities	1,000	-	-
Total forestry	101,000	135,380	135,380
City engineering			
Commodities			
Office supplies	8,600	5,391	5,391
Engineering	26,300	19,061	19,061
Subdivision expenses	20,000	3,197	3,197
Total commodities	54,900	27,649	27,649
Total city engineering	54,900	27,649	27,649
Total highways and streets	1,879,588	1,872,192	1,873,459

(This schedule is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
HEALTH AND SOCIAL SERVICES			
Health regulations and inspections			
Commodities			
Council on aging	\$ 23,000	\$ 23,000	\$ 23,000
Demolition	5,000	-	-
Total commodities	<u>28,000</u>	<u>23,000</u>	<u>23,000</u>
Total health regulations and inspections	<u>28,000</u>	<u>23,000</u>	<u>23,000</u>
Total health and social services	<u>28,000</u>	<u>23,000</u>	<u>23,000</u>
COMMUNITY AND ECONOMIC DEVELOPMENT			
Economic development			
Commodities			
Planning department services	72,750	87,147	87,147
Economic development	73,000	73,000	73,000
Tourism	6,000	2,000	2,000
Historic preservation	7,850	4,493	4,493
Downtown streetscape	700,000	32,666	32,666
Total commodities	<u>859,600</u>	<u>199,306</u>	<u>199,306</u>
Total economic development	<u>859,600</u>	<u>199,306</u>	<u>199,306</u>
Total community and economic development	<u>859,600</u>	<u>199,306</u>	<u>199,306</u>
TOTAL EXPENDITURES	<u><u>\$ 16,322,189</u></u>	<u><u>\$ 15,095,029</u></u>	<u><u>\$ 14,814,837</u></u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF BELVIDERE, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2016

	Special Revenue			
	Motor Fuel Tax	Kishwaukee TIF	Kishwaukee TIF #2	1993 Tax Incentive Finance Distict
ASSETS				
Cash and investments	\$ 842,558	\$ 25,327	\$ 4,915	\$ 93
Receivables				
Property taxes	-	19,829	-	-
Other	58,227	-	-	-
Land held for resale	-	439,754	-	-
TOTAL ASSETS	\$ 900,785	\$ 484,910	\$ 4,915	\$ 93
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Advance from other funds	-	55,198	-	-
Total liabilities	-	55,198	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	19,829	-	-
Total deferred inflows of resources	-	19,829	-	-
Total liabilities and deferred inflows of resources	-	75,027	-	-
FUND BALANCES				
Nonspendable				
Land held for resale	-	-	-	-
Restricted				
Public safety	-	-	-	-
Highways and streets	900,785	-	-	-
Capital projects	-	-	-	-
Economic development	-	409,883	4,915	93
Assigned				
Capital projects	-	-	-	-
Total fund balances	900,785	409,883	4,915	93
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 900,785	\$ 484,910	\$ 4,915	\$ 93

Special Revenue

Farmington SSA #2	Farmington SSA #3	Foreign Fire Insurance	Capital Projects	Total
\$ 3,203	\$ 6,589	\$ 56,880	\$ 1,410,421	\$ 2,349,986
21,030	8,779	-	40,000	89,638
-	-	-	-	58,227
-	-	-	-	439,754
<u>\$ 24,233</u>	<u>\$ 15,368</u>	<u>\$ 56,880</u>	<u>\$ 1,450,421</u>	<u>\$ 2,937,605</u>
\$ 728	\$ -	\$ -	\$ 155,841	\$ 156,569
-	-	-	-	55,198
728	-	-	155,841	211,767
21,030	8,779	-	40,000	89,638
21,030	8,779	-	40,000	89,638
21,758	8,779	-	195,841	301,405
-	-	-	-	-
-	-	56,880	-	56,880
-	-	-	-	900,785
2,475	6,589	-	-	9,064
-	-	-	-	414,891
-	-	-	1,254,580	1,254,580
2,475	6,589	56,880	1,254,580	2,636,200
<u>\$ 24,233</u>	<u>\$ 15,368</u>	<u>\$ 56,880</u>	<u>\$ 1,450,421</u>	<u>\$ 2,937,605</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended April 30, 2016

	Special Revenue			
	Motor Fuel Tax	Kishwaukee TIF	Kishwaukee TIF #2	1993 Tax Incentive Finance Distict
REVENUES				
Taxes	\$ -	\$ 21,712	\$ -	\$ -
Intergovernmental	683,730	-	-	-
Investment income	836	-	-	-
Miscellaneous	-	-	-	-
Total revenues	684,566	21,712	-	-
EXPENDITURES				
Current				
General government	-	6	-	-
Public safety	-	-	-	-
Highways and streets	674,288	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	7,185	-	-
Total expenditures	674,288	7,191	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,278	14,521	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	10,278	14,521	-	-
FUND BALANCE, MAY 1, PREVIOUSLY REPORTED	890,507	267,095	4,915	93
Prior period adjustment	-	128,267	-	-
FUND BALANCE, MAY 1, RESTATED	890,507	395,362	4,915	93
FUND BALANCE, APRIL 30	\$ 900,785	\$ 409,883	\$ 4,915	\$ 93

Special Revenue				
Farmington SSA #2	Farmington SSA #3	Foreign Fire Insurance	Capital Projects	Total
\$ -	\$ -	\$ 66,694	\$ 40,074	\$ 128,480
-	-	-	-	683,730
-	-	9	849	1,694
-	-	-	13,440	13,440
-	-	66,703	54,363	827,344
11,044	7,978	-	-	19,028
-	-	41,687	-	41,687
-	-	-	48,905	723,193
-	-	-	470,609	470,609
-	-	-	50,000	50,000
-	-	-	8,817	16,002
11,044	7,978	41,687	578,331	1,320,519
(11,044)	(7,978)	25,016	(523,968)	(493,175)
-	14,567	-	895,189	909,756
(14,567)	-	-	-	(14,567)
(14,567)	14,567	-	895,189	895,189
(25,611)	6,589	25,016	371,221	402,014
28,086	-	-	883,359	2,074,055
-	-	31,864	-	160,131
28,086	-	31,864	883,359	2,234,186
\$ 2,475	\$ 6,589	\$ 56,880	\$ 1,254,580	\$ 2,636,200

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND**

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allotments	\$ 632,923	\$ 685,009	\$ 683,730
Investment income	-	836	836
Total revenues	<u>632,923</u>	<u>685,845</u>	<u>684,566</u>
EXPENDITURES			
Highways and streets			
Street maintenance	<u>765,000</u>	<u>674,288</u>	<u>674,288</u>
Total expenditures	<u>765,000</u>	<u>674,288</u>	<u>674,288</u>
NET CHANGE IN FUND BALANCE	<u>\$ (132,077)</u>	<u>\$ 11,557</u>	10,278
FUND BALANCE, MAY 1			<u>890,507</u>
FUND BALANCE, APRIL 30			<u>\$ 900,785</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
KISHWAUKEE TIF FUND**

For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Taxes			
Property taxes	<u>\$ 30,000</u>	<u>\$ 21,712</u>	<u>\$ 21,712</u>
Total revenues	<u>30,000</u>	<u>21,712</u>	<u>21,712</u>
EXPENDITURES			
General government			
Miscellaneous	5,000	5	6
Debt service			
Interest and fiscal charges	<u>35,000</u>	<u>19,485</u>	<u>7,185</u>
Total expenditures	<u>40,000</u>	<u>19,490</u>	<u>7,191</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,000)</u>	<u>\$ 2,222</u>	<u>14,521</u>
FUND BALANCE, MAY 1, PREVIOUSLY REPORTED			267,095
Prior period adjustment			<u>128,267</u>
FUND BALANCE, MAY 1, RESTATED			<u>395,362</u>
FUND BALANCE, APRIL 30			<u><u>\$ 409,883</u></u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
1993 TAX INCENTIVE FINANCE DISTRICT FUND**

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 24,000	\$ -	\$ -
Total revenues	<u>24,000</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 24,000</u>	<u>\$ -</u>	<u>-</u>
FUND BALANCE, MAY 1			<u>93</u>
FUND BALANCE, APRIL 30			<u>\$ 93</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FARMINGTON SSA #2 FUND**

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 16,000	\$ -	\$ -
Total revenues	<u>16,000</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
General government			
Repairs and maintenance	24,000	18,956	10,979
Miscellaneous	1,000	65	65
Total expenditures	<u>25,000</u>	<u>19,021</u>	<u>11,044</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,000)</u>	<u>(19,021)</u>	<u>(11,044)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	-	(14,567)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14,567)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (9,000)</u>	<u>\$ (19,021)</u>	<u>(25,611)</u>
FUND BALANCE, MAY 1			<u>28,086</u>
FUND BALANCE, APRIL 30			<u><u>\$ 2,475</u></u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND**

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 40,000	\$ 40,074	\$ 40,074
Investment income	500	850	849
Miscellaneous	-	13,440	13,440
	<hr/>	<hr/>	<hr/>
Total revenues	40,500	54,364	54,363
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
Highways and streets			
Miscellaneous	40,000	48,905	48,905
Capital outlay			
Vehicles	276,435	233,677	233,677
Infrastructure	-	162,414	175,053
Buildings and improvements	350,000	253,363	1,300
Equipment	12,000	60,579	60,579
Debt service			
Principal	58,846	50,000	50,000
Interest and fiscal charges	-	8,817	8,817
	<hr/>	<hr/>	<hr/>
Total expenditures	737,281	817,755	578,331
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(696,781)	(763,391)	(523,968)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,147,281	1,147,252	895,189
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,147,281	1,147,252	895,189
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 450,500</u>	<u>\$ 383,861</u>	371,221
FUND BALANCE, MAY 1			<hr/>
			883,359
FUND BALANCE, APRIL 30			<u><u>\$ 1,254,580</u></u>

(See independent auditor's report.)

MAJOR PROPRIETARY FUNDS

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water sales	\$ 2,277,155	\$ 2,213,451	\$ 2,216,583
Sewer charges	3,255,695	3,488,838	3,488,904
Water connection fees	24,000	9,935	9,935
Sewer connection fees	28,800	18,558	18,558
Water meter sales	90,700	90,456	90,456
Sewer meter sales	90,700	85,694	85,694
Other	19,200	123,891	123,890
	<hr/>	<hr/>	<hr/>
Total operating revenues	5,786,250	6,030,823	6,034,020
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Water	2,198,710	1,811,756	2,022,597
Sewer	3,418,940	1,687,759	1,693,882
Collection system	831,946	555,367	558,675
	<hr/>	<hr/>	<hr/>
Total operating expenses excluding depreciation	6,449,596	4,054,882	4,275,154
	<hr/>	<hr/>	<hr/>
DEPRECIATION	-	-	1,439,178
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(663,346)	1,975,941	319,688
	<hr/>	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	-	-	31,524
Loan proceeds	37,500	-	-
Principal payments	(349,816)	(349,505)	-
Interest and fiscal charges	(58,826)	(58,612)	(56,642)
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	(371,142)	(408,117)	(25,118)
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	(1,034,488)	1,567,824	294,570
	<hr/>	<hr/>	<hr/>
TRANSFERS			
Transfers in	763,000	-	-
Transfers (out)	(1,000,000)	(1,000,000)	-
	<hr/>	<hr/>	<hr/>
Total transfers	(237,000)	(1,000,000)	-
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	\$ (1,271,488)	\$ 567,824	294,570
	<hr/>	<hr/>	<hr/>
NET POSITION, MAY 1			45,526,806
Change in accounting principle			<hr/> (795,614)
NET POSITION, MAY 1, RESTATED			44,731,192
			<hr/>
NET POSITION, APRIL 30			<u>\$ 45,025,762</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATER AND SEWER FUND**

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
WATER			
Personnel services			
Salaries	\$ 595,136	\$ 528,948	\$ 528,509
Overtime	45,000	26,707	27,304
IMRF	128,012	77,466	317,889
FICA/medicare	-	50,382	50,382
Group health insurance	190,035	192,305	190,816
Uniform allowance	14,100	7,846	7,846
Total personnel services	<u>972,283</u>	<u>883,654</u>	<u>1,122,746</u>
Contractual services			
Utilities	318,750	217,295	217,295
Telephone	8,000	9,548	9,548
Liability insurance	115,577	108,510	106,217
Lab expense	33,200	25,494	25,494
Other professional services	11,000	3,399	3,399
Total contractual services	<u>486,527</u>	<u>364,246</u>	<u>361,953</u>
Commodities			
Chemicals	102,000	89,978	89,978
Gas and oil	23,000	18,594	18,594
Postage	19,000	15,322	15,322
Meters	198,000	51,632	50,944
Repair and maintenance - infrastructure	52,500	72,790	47,520
Repair and maintenance - building	66,500	18,336	18,336
Repair and maintenance - equipment	47,520	65,019	65,019
Repair and maintenance - vehicle	16,000	21,012	21,012
Repair and maintenance - contractual	100,000	87,322	87,322
Office supplies	9,400	8,097	8,097
Office equipment rental/maintenance	30,730	36,524	36,524
Operating supplies	63,000	64,854	64,854
Bad Debt Expense	2,000	2,055	2,055
Miscellaneous	10,250	12,321	12,321
Total commodities	<u>739,900</u>	<u>563,856</u>	<u>537,898</u>
Total water	<u>2,198,710</u>	<u>1,811,756</u>	<u>2,022,597</u>

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
WATER AND SEWER FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
SEWER			
Personnel services			
Salaries	\$ 671,757	\$ 551,622	\$ 550,683
Overtime	55,000	54,776	55,772
IMRF	140,448	84,237	84,237
Group health insurance	206,987	193,555	191,194
FICA	-	39,892	39,892
Uniform allowance	15,500	18,081	18,081
Travel	-	170	170
	<hr/>	<hr/>	<hr/>
Total personnel services	1,089,692	942,333	940,029
Contractual services			
Utilities	248,000	227,659	227,659
Telephone	13,500	10,336	10,336
Liability insurance	137,248	122,323	124,122
Lab expense	56,000	33,099	33,099
Other professional services	54,300	58,304	66,612
	<hr/>	<hr/>	<hr/>
Total contractual services	509,048	451,721	461,828
Commodities			
Chemicals	108,000	26,958	26,958
Gas and oil	40,000	15,402	15,402
Postage	15,000	15,314	15,314
Office equipment rental/maintenance	11,400	2,576	2,576
Sludge disposal	9,700	7,531	7,531
Repair and maintenance - lift station	16,500	21,011	20,076
Repair and maintenance - building	1,193,000	46,681	46,681
Repair and maintenance - equipment	-	87,630	87,630
Repair and maintenance - vehicle	23,000	21,955	21,955
Repair and maintenance - contractual	5,000	4,756	4,756
Maintenance supplies	-	-	72
Office supplies	8,700	12,646	12,573
Operating supplies	12,000	20,296	19,552
Meters	371,000	3,951	3,951
Bad Debt Expense	2,000	2,873	2,873
Miscellaneous	4,900	4,125	4,125
	<hr/>	<hr/>	<hr/>
Total commodities	1,820,200	293,705	292,025
	<hr/>	<hr/>	<hr/>
Total sewer	3,418,940	1,687,759	1,693,882

(This schedule is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
WATER AND SEWER FUND

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
COLLECTION SYSTEM			
Personnel services			
Salaries	\$ 268,580	\$ 274,308	\$ 278,303
Overtime	30,000	22,572	22,572
IMRF	67,009	43,222	43,222
FICA	-	17,820	17,820
Group health insurance	88,067	91,181	90,494
Uniform allowance	6,600	4,681	4,681
Total personnel services	<u>460,256</u>	<u>453,784</u>	<u>457,092</u>
Commodities			
Gas and oil	12,500	8,392	8,392
Office equipment rental/maintenance	30,090	31,710	31,710
Repair and maintenance - infrastructure	207,000	23,834	23,834
Repair and maintenance - equipment	8,000	11,358	11,358
Repair and maintenance - vehicle	13,000	10,916	10,916
Operating supplies	18,500	14,312	14,312
Miscellaneous	2,600	1,061	1,061
Total commodities	<u>291,690</u>	<u>101,583</u>	<u>101,583</u>
Capital outlay			
Equipment	80,000	-	-
Total capital outlay	<u>80,000</u>	<u>-</u>	<u>-</u>
Total collection system	<u>831,946</u>	<u>555,367</u>	<u>558,675</u>
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	<u>\$ 6,449,596</u>	<u>\$ 4,054,882</u>	<u>\$ 4,275,154</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF BELVIDERE, ILLINOIS

**COMBINING STATEMENT OF NET POSITION
PENSION TRUST FUNDS**

April 30, 2016

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and short-term investments	\$ 9,145	\$ 1,375	\$ 10,520
Investments at fair value			
U.S. Treasury obligations	83,458	875,140	958,598
U.S. agency obligations	3,404,876	1,821,097	5,225,973
Municipal bonds	841,894	700,508	1,542,402
Corporate bonds	4,041,023	1,327,732	5,368,755
Mortgage backed securities	11,363	90,756	102,119
Equities	4,616,267	-	4,616,267
Mutual funds	5,037,273	6,487,610	11,524,883
Money market mutual funds	149,676	33,769	183,445
Insurance contracts	366,267	2,152,258	2,518,525
Total investments	18,552,097	13,488,870	32,040,967
Receivables			
Accrued interest	95,699	35,777	131,476
Total receivables	95,699	35,777	131,476
Prepaid items	530	4,647	5,177
Total assets	18,657,471	13,530,669	32,188,140
LIABILITIES			
Accounts payable	8,807	2,767	11,574
Total liabilities	8,807	2,767	11,574
NET POSITION RESTRICTED FOR PENSIONS	\$ 18,648,664	\$ 13,527,902	\$ 32,176,566

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS**

For the Year Ended April 30, 2016

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,079,609	\$ 783,447	\$ 1,863,056
Employee	291,900	175,173	467,073
Total contributions	<u>1,371,509</u>	<u>958,620</u>	<u>2,330,129</u>
Investment income			
Net appreciation (depreciation) in fair value of investments	(742,253)	(427,436)	(1,169,689)
Interest	649,097	208,425	857,522
Total investment income	<u>(93,156)</u>	<u>(219,011)</u>	<u>(312,167)</u>
Less investment expenses	<u>(58,806)</u>	<u>(59,230)</u>	<u>(118,036)</u>
Net investment income	<u>(151,962)</u>	<u>(278,241)</u>	<u>(430,203)</u>
Total additions	<u>1,219,547</u>	<u>680,379</u>	<u>1,899,926</u>
DEDUCTIONS			
Benefits and refunds	1,151,208	1,221,018	2,372,226
Administrative expenses	29,572	33,155	62,727
Total deductions	<u>1,180,780</u>	<u>1,254,173</u>	<u>2,434,953</u>
NET INCREASE (DECREASE)	38,767	(573,794)	(535,027)
NET POSITION RESTRICTED FOR PENSIONS			
May 1	<u>18,609,897</u>	<u>14,101,696</u>	<u>32,711,593</u>
April 30	<u>\$ 18,648,664</u>	<u>\$ 13,527,902</u>	<u>\$ 32,176,566</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL
POLICE PENSION - PENSION TRUST FUND**

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 1,077,971	\$ 1,079,608	\$ 1,079,609
Employee	280,000	291,901	291,900
	<hr/>	<hr/>	<hr/>
Total contributions	1,357,971	1,371,509	1,371,509
	<hr/>	<hr/>	<hr/>
Investment income			
Net appreciation (depreciation) in fair value of investments	1,000,000	(154,998)	(742,253)
Interest	-	-	649,097
	<hr/>	<hr/>	<hr/>
Total investment income	1,000,000	(154,998)	(93,156)
Less investment expenses	-	-	(58,806)
	<hr/>	<hr/>	<hr/>
Net investment income	1,000,000	(154,998)	(151,962)
	<hr/>	<hr/>	<hr/>
Total additions	2,357,971	1,216,511	1,219,547
	<hr/>	<hr/>	<hr/>
DEDUCTIONS			
Benefits and refunds	1,010,000	1,148,335	1,151,208
Administrative expenses	85,000	33,282	29,572
	<hr/>	<hr/>	<hr/>
Total deductions	1,095,000	1,181,617	1,180,780
	<hr/>	<hr/>	<hr/>
NET INCREASE	<u>\$ 1,262,971</u>	<u>\$ 34,894</u>	38,767
NET POSITION RESTRICTED FOR PENSIONS			
May 1			<hr/> 18,609,897
April 30			<hr/> <u>\$ 18,648,664</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL
FIREFIGHTERS' PENSION TRUST FUND**

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 785,771	\$ 783,447	\$ 783,447
Employee	185,000	175,173	175,173
	<hr/>	<hr/>	<hr/>
Total contributions	970,771	958,620	958,620
	<hr/>	<hr/>	<hr/>
Investment income			
Net appreciation (depreciation) in fair value of investments	1,000,000	(260,386)	(427,436)
Interest	-	-	208,425
	<hr/>	<hr/>	<hr/>
Total investment income	1,000,000	(260,386)	(219,011)
Less investment expenses	-	-	(59,230)
	<hr/>	<hr/>	<hr/>
Net investment income	1,000,000	(260,386)	(278,241)
	<hr/>	<hr/>	<hr/>
Total additions	1,970,771	698,234	680,379
	<hr/>	<hr/>	<hr/>
DEDUCTIONS			
Benefits and refunds	1,000,000	1,210,935	1,221,018
Administrative expenses	70,000	46,403	33,155
	<hr/>	<hr/>	<hr/>
Total deductions	1,070,000	1,257,338	1,254,173
	<hr/>	<hr/>	<hr/>
NET INCREASE (DECREASE)	\$ 900,771	\$ (559,104)	(573,794)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
NET POSITION RESTRICTED FOR PENSIONS			
May 1			<hr/> 14,101,696
April 30			<hr/> <hr/> \$ 13,527,902

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ESCROW - AGENCY FUND**

For the Year Ended April 30, 2016

	Balances May 1	Additions	Deductions	Balances April 30
ASSETS				
Cash and cash equivalents	\$ 1,067,448	\$ 56,045	\$ 40,201	\$ 1,083,292
TOTAL ASSETS	\$ 1,067,448	\$ 56,045	\$ 40,201	\$ 1,083,292
LIABILITIES				
Due to developers	\$ 273,729	\$ 22,275	\$ 40,201	\$ 255,803
Due to other governments	793,719	33,770	-	827,489
TOTAL LIABILITIES	\$ 1,067,448	\$ 56,045	\$ 40,201	\$ 1,083,292

(See independent auditor's report.)

COMPONENT UNIT

IDA PUBLIC LIBRARY

COMPONENT UNIT

STATEMENT OF NET POSITION AND BALANCE SHEET

April 30, 2016

	Balance Sheet	Adjustments	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and investments	\$ 623,148	\$ -	\$ 623,148
Receivables (net where applicable of allowance for uncollectibles)			
Property taxes	676,354	-	676,354
Other	19,722	-	19,722
Prepaid expenses	10,393	-	10,393
Total current assets	1,329,617	-	1,329,617
Noncurrent assets			
Capital assets not being depreciated	-	181,150	181,150
Capital assets being depreciated, net of accumulated depreciation	-	1,938,981 (1,059,651)	1,938,981 (1,059,651)
Total noncurrent assets	-	1,060,480	1,060,480
Deferred outflows of resources			
Pension items - IMRF	-	130,125	130,125
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,329,617	\$ 1,190,605	\$ 2,520,222

(This statement is continued on the following page.)

IDA PUBLIC LIBRARY

COMPONENT UNIT

STATEMENT OF NET POSITION AND BALANCE SHEET (Continued)

April 30, 2016

	Balance Sheet	Adjustments	Statement of Net Position
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/ NET POSITION			
LIABILITIES			
Current liabilities			
Accounts payable	\$ 6,373	\$ -	\$ 6,373
Accrued payroll	14,410	-	14,410
Unearned revenue	2,500	-	2,500
Compensated absences payable	-	1,448	1,448
Mortgage loans payable	-	92,113	92,113
Total current liabilities	<u>23,283</u>	<u>93,561</u>	<u>116,844</u>
Noncurrent Liabilities			
Net pension liability	-	371,934	371,934
Compensated absences	-	5,790	5,790
Net other post-employment benefit obligation	-	52,239	52,239
Mortgage loans payable	-	252,324	252,324
Total noncurrent liabilities	<u>-</u>	<u>682,287</u>	<u>682,287</u>
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	-	10,959	10,959
Deferred revenue - property taxes	676,354	-	676,354
Total deferred inflows of resources	<u>676,354</u>	<u>10,959</u>	<u>687,313</u>
Total liabilities and deferred inflows of resources	<u>699,637</u>	<u>786,807</u>	<u>1,486,444</u>
FUND BALANCE/NET POSITION			
Net investment in capital assets	-	716,043	716,043
Nonspendable - prepaids	10,393	(10,393)	-
Restricted - donor specific	87,539	-	87,539
Unassigned	532,048	(301,852)	230,196
Total fund balance	<u>629,980</u>	<u>403,798</u>	<u>1,033,778</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/ NET POSITION			
	<u>\$ 1,329,617</u>	<u>\$ 1,190,605</u>	<u>\$ 2,520,222</u>

See accompanying notes to financial statements.

IDA PUBLIC LIBRARY

COMPONENT UNIT

STATEMENT OF ACTIVITIES AND SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL

For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual	Adjustments	Statement of Activities
REVENUES					
Taxes					
Property taxes	\$ 660,000	\$ 660,000	\$ 672,090	\$ -	\$ 672,090
Replacement taxes	25,000	25,000	39,059	-	39,059
Grants and contributions	47,000	47,000	38,568	-	38,568
Charges for Services	40,000	40,000	32,609	-	32,609
Investment income	19,000	19,000	78,764	-	78,764
Miscellaneous	14,000	14,000	53,634	-	53,634
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	805,000	805,000	914,724	-	914,724
EXPENDITURES					
Current					
Culture and recreation	694,026	694,026	654,549	203,601	858,150
Capital outlay	157,974	157,974	133,266	(133,266)	-
Debt service					
Principal	-	-	14,034	(14,034)	-
Interest and fiscal charges	-	-	19,065	-	19,065
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	852,000	852,000	820,914	56,301	877,215
CHANGE IN NET POSITION	<hr/> <u>\$ (47,000)</u>	<hr/> <u>\$ (47,000)</u>	<hr/> <u>93,810</u>	<hr/> <u>(56,301)</u>	<hr/> <u>37,509</u>
NET POSITION, MAY 1			504,189	654,210	1,158,399
Change in accounting principle			-	(194,111)	(194,111)
Prior period adjustment			31,981	-	31,981
			<hr/>	<hr/>	<hr/>
NET POSITION, MAY 1, RESTATED			536,170	460,099	996,269
NET POSITION, APRIL 30			<hr/> <u>\$ 629,980</u>	<hr/> <u>\$ 403,798</u>	<hr/> <u>\$ 1,033,778</u>

See accompanying notes to financial statements.

SUPPLEMENTAL SCHEDULES

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
BROWNFIELD REVLOVING LOAN PAYABLE**

April 30, 2016

Date of Issue	October 6, 2010
Date of Maturity	October 1, 2031
Authorized Issue	\$140,000
Interest Rates	Non-interest Bearing
Interest Dates	Non-interest Bearing
Principal Maturity Date	October 1
Payable at	Environmental Protection Agency

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Interest Due On		
	Principal	Interest	Total
2017	\$ 8,750	\$ -	\$ 8,750
2018	8,750	-	8,750
2019	8,750	-	8,750
2020	8,750	-	8,750
2021	8,750	-	8,750
2022	8,750	-	8,750
2023	8,750	-	8,750
2024	8,750	-	8,750
2025	8,750	-	8,750
2026	8,750	-	8,750
2027	8,750	-	8,750
2028	8,750	-	8,750
2029	8,750	-	8,750
2030	8,750	-	8,750
2031	8,750	-	8,750
2032	8,750	-	8,750
	<u>\$ 140,000</u>	<u>\$ -</u>	<u>\$ 140,000</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION DEBT CERTIFICATES OF 2005**

April 30, 2016

Date of Issue	July 19, 2005
Date of Maturity	August 1, 2025
Authorized Issue	\$1,000,000
Interest Rates	Variable
Interest Dates	August 1 and February 1
Principal Maturity Date	August 1
Payable at	The Belvidere National Bank and Trust Company

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Interest Due On		
	Principal	Interest	Total
2017	\$ 50,000	\$ 8,121	\$ 58,121
2018	50,000	7,396	57,396
2019	55,000	6,635	61,635
2020	55,000	5,837	60,837
2021	60,000	5,003	65,003
2022	60,000	4,133	64,133
2023	60,000	3,264	63,264
2024	65,000	2,357	67,357
2025	65,000	1,415	66,415
2026	65,098	472	65,570
	<u>\$ 585,098</u>	<u>\$ 44,633</u>	<u>\$ 629,731</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REVENUE REFUNDING BONDS OF 2013**

April 30, 2016

Date of Issue	February 4, 2013
Date of Maturity	February 1, 2020
Authorized Issue	\$2,115,000
Interest Rates	1.35% to 2.40%
Interest Dates	August 1 and February 1
Principal Maturity Date	February 1
Payable at	Alpine Bank and Trust Company, Rockford IL

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Interest Due On		
	Principal	Interest	Total
2017	\$ 400,000	\$ 26,540	\$ 426,540
2018	400,000	18,840	418,840
2019	400,000	10,540	410,540
2020	260,000	3,120	263,120
	<u>\$ 1,460,000</u>	<u>\$ 59,040</u>	<u>\$ 1,519,040</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
IEPA WASTEWARE TREATMENT WORKS LOAN PAYABLE**

April 30, 2016

Date of Issue	December 11, 2012
Date of Maturity	May 1, 2032
Authorized Issue	\$2,885,940
Interest Rates	1.25%
Interest Dates	May 3 and November 3
Principal Maturity Date	May 3 and November 3
Payable at	Illinois Enviromental Protection Agency

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Interest Due On		
	Principal	Interest	Total
2017	\$ 101,068	\$ 22,684	\$ 123,752
2018	102,335	21,417	123,752
2019	103,619	20,133	123,752
2020	104,917	18,835	123,752
2021	106,233	17,519	123,752
2022	107,565	16,187	123,752
2023	108,914	14,838	123,752
2024	110,280	13,472	123,752
2025	111,662	12,090	123,752
2026	113,062	10,690	123,752
2027	114,480	9,272	123,752
2028	115,916	7,836	123,752
2029	117,369	6,383	123,752
2030	118,841	4,911	123,752
2031	120,331	3,421	123,752
2032	121,840	1,912	123,752
2033	61,485	384	61,869
	<u>\$ 1,839,917</u>	<u>\$ 201,984</u>	<u>\$ 2,041,901</u>

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF BELVIDERE, ILLINOIS

ASSESSED VALUATIONS, TAX RATES, AND TAX EXTENSIONS

Last Five Tax Levy Years

Tax Levy Year	2011	2012	2013	2014	2015
Assessed Valuations					
City	\$ 351,948,663	\$ 332,246,506	\$ 296,657,007	\$ 291,335,467	\$ 293,958,710
Library	\$ 352,762,603	\$ 332,246,505	\$ 296,657,007	\$ 291,335,467	\$ 293,858,710
Tax Rates - City					
Corporate	0.43750	0.57608	0.60596	0.61271	0.60660
IMRF	0.01700	0.02036	0.02608	0.02518	0.02481
Fire Protection	0.00142	0.01253	0.00695	0.00700	0.00690
Fire Pension	0.23551	0.17874	0.25142	0.25112	0.27457
Police Protection	0.00142	0.01253	0.00695	0.00700	0.00689
Police Pension	0.23403	0.25066	0.32990	0.35452	0.35311
Garbage	0.00425	0.00783	0.02156	0.02273	0.01551
Audit	0.00425	0.00627	0.00695	0.00703	0.00690
Street Lighting	0.05000	0.06888	0.07302	0.07344	0.07236
Public Benefit	0.01134	0.01253	0.01391	0.01399	0.01379
Civil Defense	0.00193	0.00220	0.00247	0.00245	0.00242
Social Security	0.05381	0.06106	0.07650	0.07869	0.07753
Forestry	0.01134	0.01253	0.01391	0.01399	0.01379
Special Road and Bridge	0.01559	0.01879	0.02086	0.02099	0.02068
Tort Judgment/Liability Insurance	0.06517	0.12790	0.10605	0.11540	0.11026
Insurance	0.02267	0.02818	0.02782	0.02798	0.02757
	1.16723	1.39707	1.59031	1.63422	1.63369
Tax Rates - Library					
Corporate	0.18200	0.20351	0.22986	0.23464	0.23304
	1.34923	1.60058	1.82017	1.86886	1.8667
Tax Extensions - City					
Corporate	\$ 1,544,150	\$ 1,840,028	\$ 1,742,756	\$ 1,752,157	\$ 1,760,579
IMRF	60,001	65,031	75,007	72,007	72,008
Fire Protection	5,012	40,021	20,017	20,018	20,026
Fire Pension	831,229	570,904	723,119	718,124	796,904
Police Protection	5,012	40,021	20,017	20,018	20,026
Police Pension	826,006	800,620	948,801	1,013,815	1,024,856
Garbage	15,000	25,010	62,007	65,001	45,016
Audit	15,000	20,027	20,017	20,103	20,026
Street Lighting	176,474	220,006	210,007	210,016	210,016
Public Benefit	40,024	40,021	40,006	40,007	40,024
Civil Defense	6,812	7,027	7,104	7,006	7,024
Social Security	189,922	195,029	220,016	225,028	225,021
Forestry	40,024	40,021	40,005	40,007	40,024
Special Road and Bridge	55,025	60,016	60,023	60,025	60,021
Tort Judgment/Liability Insurance	230,017	408,519	305,003	330,007	320,015
Insurance	80,013	90,008	80,011	80,014	80,018
	4,119,721	4,462,309	4,573,916	4,673,353	4,741,604
Tax Extensions - Library					
Corporate	\$ 642,028	\$ 676,155	\$ 681,896	\$ 683,590	\$ 676,369
	4,761,749	5,138,464	5,255,812	5,356,943	5,417,973

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Tax Levy Years

Tax Levy Year	Tax Levy Extensions	Total Collections to Date	
		Amount*	Percent of Levy Collected
2005	\$ 3,193,233	\$ 3,215,988	100.71%
2006	3,509,297	3,484,480	99.29%
2007	3,761,018	3,782,034	100.56%
2008	4,063,826	4,069,614	100.14%
2009	4,109,914	4,404,156	107.16%
2010	4,237,013	4,381,602	103.41%
2011	4,119,723	4,093,709	99.37%
2012	4,462,309	4,453,854	99.81%
2013	4,573,916	4,569,415	99.90%
2014	4,673,353	4,620,049	98.86%
2015	4,741,604	4,680,881	98.72%

*This amount does not include the Tax Increment Financing property tax received or the property tax passed through the Township to the City for road and bridge purposes since the City does not levy for these amounts.

CITY OF BELVIDERE, ILLINOIS

LEGAL DEBT MARGIN

Last Five Tax Levy Years

Tax Levy Year	2011	2012	2013	2014	2015
Assessed Valuation	\$ 352,948,663	\$ 332,246,506	\$ 296,657,007	\$ 291,335,467	\$ 293,958,710
Bonded Debt Limit - 8.625% of Assessed Value	30,441,822	28,656,261	25,586,667	25,127,684	25,353,939
Amount of Debt Applicable to Limit	770,982	725,098	680,098	635,098	585,098
Legal Debt Margin	29,670,840	27,931,163	24,906,569	24,492,586	24,768,841
Percentage of Legal Debt Margin to Bonded Debt Limit	97.47%	97.47%	97.34%	97.47%	97.69%

(See independent auditor's report.)