

**CITY OF BELVIDERE, ILLINOIS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**APRIL 30, 2012**

# CITY OF BELVIDERE, ILLINOIS

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois as of and for the year then ended April 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Belvidere, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

The prior year comparative information has been derived from the City's 2011 financial statements which were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated August 31, 2011.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, each major fund and the aggregate remaining fund information of the City of Belvidere, Illinois, as of April 30, 2012, and the respective changes in financial position and cash flows of its proprietary fund, thereof for the year then ended in conformity with auditing standards generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents, 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.

**BEGGIN TIPP LAMM LLC**

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STRATEGIC THINKING • PROFESSIONAL INTEGRITY

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belvidere, Illinois' financial statements as a whole. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Beggin Tipp Samson, LLC*

September 11, 2012

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO TAX INCREMENT FINANCING PROGRESS

To the Honorable Mayor  
and Members of the City Council  
City of Belvidere, Illinois

We have audited the general-purpose financial statements of the City of Belvidere, Illinois as of April 30, 2012, and have issued our report thereon dated September 11, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatements.

Compliance with the requirements of subsection (q) of Section 11-74.4-3 of the State of Illinois Compiled Statutes 65 (5/11), "Tax Increment Allocation Redevelopment Act" is the responsibility of City management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with the aforementioned requirements. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that with respect to the items tested, the City complied in all material respects. In regard to items not tested, nothing came to our attention that caused us to believe that the City has not complied, in all material respects, with those provisions.

This report is intended for the information of the City's management and the Illinois Department of Revenue. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Beggin Tipp Lamm, LLC*

September 11, 2012

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CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
April 30, 2012 (Unaudited)

This section of the City of Belvidere's Annual Financial Report presents our discussion and analysis of the City's financial activities during the fiscal year ended April 30, 2012.

**FINANCIAL HIGHLIGHTS**

- Net asset position and performance in total – The City's total net assets at April 30, 2012 were \$73,079,918.
- Governmental activity summary – Net assets for governmental activities increased by \$876,889 during the fiscal year.
- Business-type activity summary – Net assets for business-type activities increased by \$1,976,407 during the fiscal year.
- General Fund summary – The City's General Fund reported an increase of \$2,139,220 in fund balance for the year.
- Budget vs. actual – The City's actual revenues for General Fund were more than total budgeted revenues by \$363,122 while the actual expenditures were less than total budgeted expenditures by \$544,678.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

Government-wide financial statements provide both short and long-term information about the City's overall financial status.

Fund financial statements focus on individual parts of the City government, reporting City operation in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the required supplementary information section that further explains and supports the information in the financial statements.

In addition to all of the required financial statement elements, we have provided sections for combining statements to provide detail on non-major funds for additional supplementary information.



**CITY OF BELVIDERE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012  
(Unaudited)

The following table summarizes the major features of the City's financial statements.

Description	Government-Wide Statements	FUND STATEMENTS		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	Activities of the City that are not proprietary or fiduciary such as public safety	Activities the City operates similar to private business such as the water department	Activities in which the City is trustee or agent of another's resources such as pension plans
Required financial statements	<ul style="list-style-type: none"> <li>- Statement of net assets</li> <li>- Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>- Balance sheet</li> <li>- Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>- Statement of net assets</li> <li>- Statement of revenues, expenses, and changes in net assets</li> <li>- Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>- Statement of fiduciary net assets</li> <li>- Statement of changes in fiduciary net assets</li> </ul>
Accounting basis	Accrual	Modified accrual	Accrual	Accrual
Measurement focus	Economic resources	Current financial resources	Economic resources	Economic resources
Type of assets & liability information	All assets and liabilities; both financial and capital, short and long-term	Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets	All assets and liabilities; both financial and capital, short and long-term	All assets and liabilities, both short and long-term. Does not currently contain capital assets
Type of inflow & outflow information	All revenues and expenses during the year regardless of when cash is received or paid	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods or services that have been received and payment is due during the year or shortly thereafter	All revenues and expenses during the year regardless of when cash is received or paid	All revenues and expenses during the year regardless of when cash is received or paid

**Government-Wide Statements**

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to disclose bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012  
(Unaudited)

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The governmental activities reflect the City's basic services, including administration, police and fire, and public works. Sales and use taxes, licenses and permits, telecommunication taxes, and shared state tax distributions finance the majority of these services.

The business type activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operation, including depreciation.

**Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on major funds, rather than fund types.

Governmental funds are presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. Governmental funds provide a current resources (short-term) view that helps determine whether there are more or fewer current financial resources available to spend for City operations.

Proprietary funds account for services that are generally fully supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information.

Fiduciary funds are presented for certain activities when the City's role is that of trustee (i.e. Police Pension) or agent. While fiduciary funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the total column on the business-type Fund Financial Statements is the same as the Business-type column on the Government-Wide Financial Statement, the Governmental Funds total column requires reconciliation because of the different measurement focus (current financial resources/modified accrual versus total economic resources/full accrual) which is reflected on the page following each statement.

CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012  
(Unaudited)

The flow of current financial resources will reflect bond proceeds, proceeds from sales of capital asset disposals, and inter-fund transfers as other financial sources as well as capital outlay expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the Government-wide statements.

**Infrastructure Assets**

Historically, a government's largest group of assets (infrastructure – streets, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. GASB-34 requires that these assets be valued and reported within the Governmental column of the Government-Wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity.

If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The City has elected to depreciate assets over their useful life. If a project is considered maintenance, (a recurring cost that does not extend the asset's original useful life or expand its capacity) the cost of the project will be expensed. An "overlay" of a street will be considered maintenance whereas a "rebuild" of a street will be capitalized.

<b>FINANCIAL ANALYSIS OF THE CITY AS A WHOLE</b>
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In accordance with GASB Statement No. 34, a comparative analysis of government-wide information with the previous year is presented in the financial statements.

**NET ASSETS**

**Statement of Net Assets**

The following table reflects the condensed Statement of Net Assets:

CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 April 30, 2012  
 (Unaudited)

**Statement of Net Assets**  
**As of April 30, 2012**

	Governmental Activities		Business-type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
Current and other other assets	\$ 14,340,417	12,398,978	11,810,370	10,725,274	26,150,787	23,124,252
Capital assets	28,967,539	30,437,528	35,294,587	33,613,813	64,262,126	64,051,341
<b>Total assets</b>	<b>43,307,956</b>	<b>42,836,506</b>	<b>47,104,957</b>	<b>44,339,087</b>	<b>90,412,913</b>	<b>87,175,593</b>
Other liabilities	4,734,815	5,079,248	735,791	306,665	5,470,606	5,385,913
Long-term liabilities	5,793,611	5,854,617	6,068,778	5,708,441	11,862,389	11,563,058
<b>Total liabilities</b>	<b>10,528,426</b>	<b>10,933,865</b>	<b>6,804,569</b>	<b>6,015,106</b>	<b>17,332,995</b>	<b>16,948,971</b>
Net assets:						
Invested in capital assets, net of related debt	26,770,855	28,389,774	30,546,281	29,302,842	57,317,136	57,692,616
Restricted	-	-	3,666,691	3,668,003	3,666,691	3,668,003
Unrestricted	6,008,675	3,512,867	6,087,416	5,353,136	12,096,091	8,866,003
<b>Total net assets</b>	<b>\$ 32,779,530</b>	<b>31,902,641</b>	<b>40,300,388</b>	<b>38,323,981</b>	<b>73,079,918</b>	<b>70,226,622</b>

For more detailed information see the Statement of Net Assets.

**Normal Impacts-Net Assets**

There are six common (basic) types of transactions that will generally affect the comparability of the Statements of Net Assets summary presentation.

Net Results Of Activities – Impacts (increases/decreases) current assets and unrestricted net assets.

Borrowing For Capital – Increases current assets and long-term debt.

Spending Borrowed Proceeds On New Capital – Reduces current assets and increases capital assets. Also, an increase in invested in capital assets and an increase in related net debt will not change the invested in capital assets, net of debt.

Spending Of Non-borrowed Current Assets On New Capital – (a) Reduces current assets and increases capital assets; and (b) reduces unrestricted net assets and increases invested in capital assets, net of debt.

CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012  
(Unaudited)

Principal Payment On Debt – (a) Reduces current assets and reduces long-term debt; and, (b) reduces unrestricted net assets and increases invested in capital assets, net of debt.

Reduction Of Capital Assets Through Depreciation – Reduces capital assets and invested in capital assets, net of debt.

**Current Year Impacts-Net Assets**

The City's combined net assets increased from \$70,226,622 to \$73,079,918 as a result of an increase in net assets for both business-type activities and governmental activities. Net assets of the City's governmental activities increased by \$876,889 during the year and ended at \$32,779,530. The City's unrestricted net assets for governmental activities, the part of net assets that can be used to finance daily operations were \$6,008,675.

The net assets of business-type activities increased by \$1,976,407 during the year and ended the year at \$40,300,388. Unrestricted net assets, available to finance the continuing operation of its business type activities, were \$6,087,416. The annual operating cost of the City's business-type activities for fiscal year 2012 was \$4,985,347.

**Statement of Changes in Net Assets**

The following chart reflects the condensed Statement of Changes in Net Assets.

CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 April 30, 2012  
 (Unaudited)

**Table 2**  
**Changes in Net Assets**  
**For the Fiscal Year Ended April 30, 2012**

	Governmental Activities		Business-type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1,730,295	1,742,694	6,009,246	6,044,065	7,739,541	7,786,759
Grants & contributions						
Operating	74,116	399,608	-	-	74,116	399,608
Capital contributions	496,621	2,156,538	-	1,025,470	496,621	3,182,008
General revenues:						
Property taxes	5,115,592	4,900,881	-	-	5,115,592	4,900,881
Sales taxes	4,386,589	3,987,268	-	-	4,386,589	3,987,268
Other taxes	4,815,459	4,450,841	-	-	4,815,459	4,450,841
Investment income	22,819	18,393	45,167	54,672	67,986	73,065
Miscellaneous	32,310	627,178	47,136	155,762	79,446	782,940
<b>Total revenues received</b>	<b>16,673,801</b>	<b>18,283,401</b>	<b>6,101,549</b>	<b>7,279,969</b>	<b>22,775,350</b>	<b>25,563,370</b>
<b>EXPENSES</b>						
General government	3,870,787	5,076,031	-	-	3,870,787	5,076,031
Health & welfare	23,000	20,000	-	-	23,000	20,000
Highways & streets	2,233,085	3,131,411	-	-	2,233,085	3,131,411
Public safety	9,216,874	7,466,701	-	-	9,216,874	7,466,701
Community development	166,215	225,982	-	-	166,215	225,982
Interest	148,231	179,985	-	-	148,231	179,985
Water/Sewer	-	-	4,985,347	5,307,439	4,985,347	5,307,439
<b>Total expenditures disbursed</b>	<b>15,658,192</b>	<b>16,100,110</b>	<b>4,985,347</b>	<b>5,307,439</b>	<b>20,643,539</b>	<b>21,407,549</b>
Excess of revenues over (under) expenditures	1,015,609	2,183,291	1,116,202	1,972,530	2,131,811	4,155,821
Transfers in (out)	(138,720)	(138,720)	138,720	138,720	-	-
Intergovernmental revenue	-	-	721,485	-	721,485	-
<b>Changes in net assets</b>	<b>876,889</b>	<b>2,044,571</b>	<b>1,976,407</b>	<b>2,111,250</b>	<b>2,853,296</b>	<b>4,155,821</b>
Beginning net assets	31,902,641	29,773,070	38,323,981	36,212,731	70,226,622	65,985,801
Prior period adjustment	-	85,000	-	-	-	85,000
<b>Ending net assets</b>	<b>\$ 32,779,530</b>	<b>31,902,641</b>	<b>40,300,388</b>	<b>38,323,981</b>	<b>73,079,918</b>	<b>70,226,622</b>

**Normal Impact-Changes in Net Assets**

Reflected below are eight common (basic) impacts on revenues and expense.

**Revenues:**

*Economic Condition* – Reflects a declining, stable or growing economic environment and has a substantial impact on state income, sales, telecommunications and utility tax revenues as well as public spending habits for items such as building permits and user fees including volumes of usage.

CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012  
(Unaudited)

*Increase/Decrease In City Approval Rates* – While certain tax rates are set by statutes, the City Council has authority to impose and periodically increase/decrease rates (water, building permit fees, etc.).

*Changing Patterns In Intergovernmental And Grant Revenue (both recurring and non-recurring)* – Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

*Market Impacts On Investment Income* – The City's investment portfolio is managed with an approach utilizing competitive pricing, laddered maturities up to one year for term investments, and diversity of investments. Market conditions may cause investment income to fluctuate more than would occur with more short-term composition.

**Expenses:**

*Changes In Programs* – Within the functional expense categories (General Government, Public Safety, Public Works, etc.) individual programs may be added, deleted, or expanded to meet changing community needs.

*Changes In Authorized Personnel* – Changes in service demand may cause the City Council to increase/decrease authorized staffing.

*Salary Increases (annual adjustments and step increases)* – The City strives to maintain a competitive salary range position in the marketplace.

*Inflation* – While overall inflation appears to be non-existent (CPI was 0.0% at April 30, 2012), the City is a major consumer of certain commodities and services which typically experience inflation at a rate that can be significantly different from CPI. Examples of such items include insurance, fuel, electricity and operating supplies.

CITY OF BELVIDERE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2012  
(Unaudited)

**Current Year Impacts-Changes in Net Assets**

**Governmental Activities**

Revenues:

Revenues from governmental activities total \$16,673,801. Property taxes were the City's largest source of revenue at \$5,115,592. Sales and Use taxes of \$4,386,589 were the City's second largest source of revenue. Sales and Use tax revenue increased by 10.0% from the last fiscal year. State income tax distributions increased by 19.0% from the last fiscal year. For FY 12, real estate tax revenue increased by 4.4%. There was an increase in interest income of \$4,426 because of the more funds available to invest.

Expenses:

Expenses for governmental activities including transfers out totaled \$15,796,912. This was a decrease of \$441,918 or 2.7%. The reason for the decrease in governmental activities expense was the decrease in general government and community & economic development.

**Business-Type Activities**

Revenues:

Revenue from business-type activities totaled \$6,823,034. The two major sources of business-type revenue are the sale of water \$2,205,585 and the charge for the treatment of wastewater \$3,527,171. Connection fees due to new construction accounted for \$82,634. Meter sales generated an additional \$188,330, and interest income on various reserve balances earned \$45,167.



CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012  
(Unaudited)

Expenses:

Expenses for business-type activities totaled \$4,985,347, of which the following made up for approximately 80% of that total:

	<u>2012</u>	<u>2011</u>	<u>Changes</u>
Salaries and benefits	\$ 1,993,262	1,881,258	112,004
Depreciation	1,157,858	1,292,469	(134,611)
Utilities	490,773	647,485	(156,712)
Interest on debt	227,504	276,967	(49,463)
Repair & maintenance of buildings	95,007	85,563	9,444
Purchase of meters	<u>27,828</u>	<u>36,462</u>	<u>(8,634)</u>
	<u>\$ 3,992,232</u>	<u>4,220,204</u>	<u>(227,972)</u>

<b>FINANCIAL ANALYSIS OF THE CITY'S FUNDS</b>
---

For the fiscal year ended April 30, 2012, the governmental funds reflect a combined fund balance of \$9,115,268; an increase of \$2,207,038 from the prior year and are made up as follows:

- General Fund – increase of \$2,139,220 to \$7,770,209
- Capital Projects – decrease of \$52,634 to \$151,853
- Non-major Funds – increase of \$120,452 to \$1,193,206

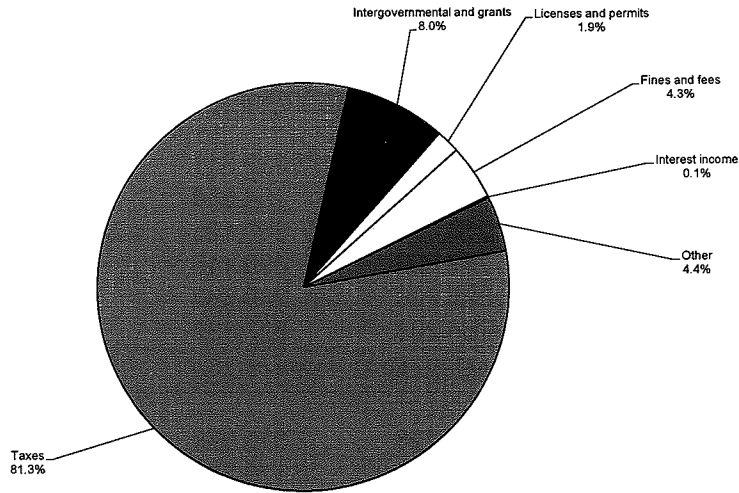
In the period ending April 30, 2012, revenues and other financing sources in the General Fund exceeded expenditures and other financing uses by \$2,139,220. The major increases in revenue from the prior year were in sales and use, income tax, telecommunications tax, and liquor licenses, which increased \$317,236, \$346,666, \$87,557, and \$78,400 respectively. Expenditures and other financing uses decreased by \$664,739 because of various reductions in expenditures. The major decreases were for grant expenses of \$182,629, IMRF and social security of \$115,177, and Building Department professional expenses of \$178,553.

The decrease of \$52,634 in the Capital Projects fund balance was predominantly due to the purchase of capital equipment.

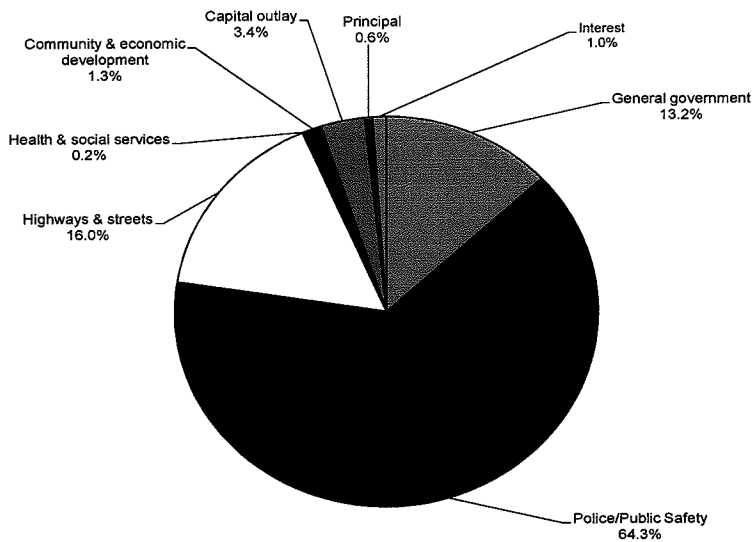
The following two charts (2012 Revenue by Source and 2012 Expenditures by Object), present a summary of the governmental funds revenue and expenditures for 2012.

**CITY OF BELVIDERE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2011  
(Unaudited)**

**2012 Revenue by Source**



**2012 Expenditures by Function**



**CITY OF BELVIDERE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 April 30, 2012  
 (Unaudited)

**Major Fund Budgetary Highlights**

<b>General Fund</b>	FY 12 Original Budget	FY 12 Amended Budget	FY 12 Actual
<b>Revenues</b>			
Taxes	\$ 11,976,743	12,332,316	12,937,290
Intergovernmental	-	134,680	214,168
Licenses & permits	218,130	300,123	307,085
Fines & fees	712,300	695,445	719,676
Interest	225,700	239,693	19,283
Other	764,203	827,632	695,509
<b>Total revenues</b>	<b>13,897,076</b>	<b>14,529,889</b>	<b>14,893,011</b>
<b>Expenditures</b>			
General government	2,422,226	2,320,078	1,774,532
Public safety	9,329,156	9,179,345	9,162,366
Highways & streets	1,551,762	1,465,818	1,437,502
Health & social services	28,000	23,000	23,000
Community & economic development	174,380	120,052	166,215
Capital projects	-	-	-
<b>Total expenditures</b>	<b>13,505,524</b>	<b>13,108,293</b>	<b>12,563,615</b>
<b>Excess of revenues over (under) expenditures</b>	<b>391,552</b>	<b>1,421,596</b>	<b>2,329,396</b>
<b>Other financing sources (uses)</b>			
Transfers out	(190,176)	(190,176)	(190,176)
<b>Total other financing sources</b>	<b>(190,176)</b>	<b>(190,176)</b>	<b>(190,176)</b>
<b>Net change in fund balance</b>	<b>\$ 201,376</b>	<b>1,231,420</b>	<b>2,139,220</b>

Actual General Fund revenues were more than amended budgeted revenues by \$363,122 during the fiscal year. This is attributable to an increase in income tax revenues.

Revenue items less than budgeted revenues were utility taxes and building permit fees. General Fund actual expenditures were \$544,678 lower than the amended budget due to general government expenditures being less than budget by \$545,546.

CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 April 30, 2012  
 (Unaudited)

**Major Fund Budgetary Highlights**

<b>Capital Projects Fund</b>	FY 12 Original Budget	FY 12 Amended Budget	FY 12 Actual
<b>Revenues</b>			
Taxes	\$ 40,000	40,117	40,117
Grants - Federal	-	150,000	356,569
Expense reimbursements	-	9,489	12,637
Interest	100	472	495
Other	15,000	9,700	18,380
<b>Total revenues</b>	<b>55,100</b>	<b>209,778</b>	<b>428,198</b>
<b>Expenditures</b>			
Capital outlay	-	266,402	480,832
Debt service	51,456	51,456	51,456
<b>Total expenditures</b>	<b>51,456</b>	<b>317,858</b>	<b>532,288</b>
<b>Excess of revenues over (under) expenditures</b>	<b>3,644</b>	<b>(108,080)</b>	<b>(104,090)</b>
<b>Other financing sources</b>			
Transfers in	51,456	51,456	51,456
<b>Total other financing sources</b>	<b>51,456</b>	<b>51,456</b>	<b>51,456</b>
<b>Net change in fund balance</b>	<b>\$ 55,100</b>	<b>(56,624)</b>	<b>(52,634)</b>

The actual capital outlay was more than budgeted because the City received more grants than anticipated.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2012, the City had invested \$64,262,126 (see Note 4 in the Notes to Financial Statements) in a variety of capital assets, as reflected in the following schedule.

CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 April 30, 2012  
 (Unaudited)

**Entity Wide  
 Change in Net Capital Assets**

	Beginning Balance	Net Additions/ Deletions	Ending Balance
<b>Non-depreciable assets</b>			
Land	\$ 1,220,215	-	1,220,215
Construction in progress	3,584,008	1,863,549	5,447,557
<b>Depreciable capital assets</b>			
Water transmission system	13,592,377	-	13,592,377
Sewer collection system	32,944,986	-	32,944,986
Buildings & improvements	4,591,854	56,500	4,648,354
Land improvements	49,995	-	49,995
Equipment	4,735,809	585,234	5,321,043
Vehicles	4,003,005	(72,615)	3,930,390
Furniture & equipment	192,681	(30,456)	162,225
Infrastructure - gov't activities	31,679,300	-	31,679,300
Accumulated depreciation	(32,542,889)	(2,191,427)	(34,734,316)
<b>Total net capital assets</b>	<b>\$ 64,051,341</b>	<b>210,785</b>	<b>64,262,126</b>

**Debt Outstanding**

At April 30, 2012, the City had outstanding long-term debt of \$11,862,390 (see Note 5 in the Notes to Financial Statements for more detail.)

The Governmental funds have General Obligation Debt Certificates of \$770,982 that are outstanding and payable through 2025. Also, the governmental activities are responsible for \$140,000 in a Brownfield revolving loan, an estimated \$324,140 in possible landfill post closure care costs, \$3,332,770 due to underfunding of the police and fire pensions and \$1,225,719 in compensated absences and other post employment benefits.

The Business-type funds have \$4,285,000 of bonds outstanding. This is \$825,000 less than at April 30, 2011. In addition, the City's Business-type funds owed \$1,312,357 in an IEPA revolving loan, \$347,024 in a capital lease, and \$57,512 in compensated absences. The unamortized bond premium is \$66,888.

**ECONOMIC FACTORS**

Even though the economy shows signs of improvement, the City of Belvidere continues to weather the struggling economy by being conservative in spending and adhering to a pay-as-you-go-philosophy. As a result, the City reduced budgeted expenses in the General Fund and in the process increased the amount in reserves.

CITY OF BELVIDERE, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012  
(Unaudited)

A sign of an improving economy is the increase in the number of building permits being issued as well as increases in the number of permits for new residential housing construction (thirteen vs. 9 in FY11). The commercial sector continues to see improvements with projects being completed. Some of the projects that have occurred over the past year include build out projects at Road Ranger and Android Industrial. Also, there were projects that included additions, remodels, and renovations at Fire District #2, Swedish American Hospital Clinic, General Mills, Shadley, and Sheffield Apartments.

The Chrysler Group LLC body shop expansion of over 638,000 square feet, an investment of over \$700 million, occurred at the Belvidere Assembly Plant and was completed in early spring of 2012. The investment also included the installation of new machinery, tooling and material handling equipment exclusively for the production of the Dodge Dart. As a result of Chrysler's investment in the Belvidere Plant, the number of employees is expected to increase from 2,700 to more than 4,500 which will include a third crew. Over 500 jobs have been added to specifically produce the all new Dodge Dart. The project also retained the operation of seven parts suppliers (six located in Belvidere and one in Sycamore) representing 1,400 jobs in total. During the project period, four additional parts suppliers made investments in Belvidere. These four additional suppliers added another 500 jobs.

The City continues to work on the Brownfield redevelopment project to advance the riverfront property on South Main Street and Meadow Street. It is the goal of the City that the property will be ready for redevelopment when the market rebounds.

The State of Illinois continues to have budget issues that affect the City of Belvidere. As of April 30, 2012, the State of Illinois was behind four months in paying the City's share of income tax payments or approximately \$763,136. The City continues to rely on the State making timely payments and without those payments it is more difficult to maintain a balanced budget while continuing to put a major strain on the City's reserves.

<b>CONTACTING THE CITY'S FINANCIAL MANAGEMENT</b>
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This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Pat Chamberlin, Finance Director, City of Belvidere, 401 Whitney Boulevard, Belvidere, Illinois 61008.

CITY OF BELVIDERE, ILLINOIS  
**Statement of Net Assets**  
April 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	IDA Public Library
<b>Assets:</b>				
Cash and cash equivalents:				
Pooled	\$ 146,889	248,565	395,454	-
Non-pooled	6,212,448	5,555,448	11,767,896	78,570
Investments	-	4,340,275	4,340,275	406,352
Non-current receivables:				
Due within one year:				
Taxes receivable	4,588,078	-	4,588,078	642,037
Billed services	-	429,098	429,098	-
Unbilled trade	-	563,697	563,697	-
Accrued interest	-	13,567	13,567	-
Other	113,958	-	113,958	50
Due in more than one year:				
Receivable - City of Belvidere	140,000	-	140,000	-
Prepays	282,361	175,347	457,708	7,642
Due from other governments	2,416,929	-	2,416,929	-
Inventory of supplies, at cost	-	96,412	96,412	-
Deferred charges/bond issue	-	32,448	32,448	-
Restricted assets:				
Bond account/Bond & interest	-	355,513	355,513	-
Land held for resale	439,754	-	439,754	-
Capital assets not being depreciated	528,820	6,138,952	6,667,772	181,150
Capital assets (net of accumulated depreciation)	28,438,719	29,155,635	57,594,354	937,035
<b>Total assets</b>	<b>\$ 43,307,956</b>	<b>47,104,957</b>	<b>90,412,913</b>	<b>2,252,836</b>

CITY OF BELVIDERE, ILLINOIS  
**Statement of Net Assets (Continued)**  
April 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	IDA Public Library
<b>Liabilities:</b>				
Accounts payable	\$ 90,420	665,203	755,623	4,428
Accrued liabilities	52,471	26,229	78,700	7,075
Accrued interest payable	-	44,359	44,359	-
Deferred revenue	4,591,924	-	4,591,924	642,037
Payable from restricted assets:				
Alternate revenue bonds payable	-	540,000	540,000	-
Revenue bonds, Series 2004	-	190,000	190,000	-
Refunding, Series 2003	-	145,000	145,000	-
Noncurrent liabilities:				
Due within one year - bonds	127,500	-	127,500	-
Bonds payable	-	825,000	825,000	-
Compensated absences	124,157	57,511	181,668	6,962
Lease payable	-	111,763	111,763	-
Due in more than one year:				
Bonds, notes, agreements	2,069,184	4,132,616	6,201,800	314,167
Note - City of Belvidere	140,000	-	140,000	-
Unamortized bond premium	-	66,888	66,888	-
Net pension obligation	3,332,770	-	3,332,770	-
<b>Total liabilities</b>	<u>10,528,426</u>	<u>6,804,569</u>	<u>17,332,995</u>	<u>974,669</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	26,770,855	30,546,281	57,317,136	1,118,185
Restricted for:				
Donor specific	-	-	-	87,539
Capital improvements	-	3,553,938	3,553,938	-
Debt service	-	112,753	112,753	-
Unrestricted	6,008,675	6,087,416	12,096,091	72,443
<b>Total Net assets</b>	<u>\$ 32,779,530</u>	<u>40,300,388</u>	<u>73,079,918</u>	<u>1,278,167</u>

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



CITY OF BELVIDERE, ILLINOIS  
Statement of Activities  
For the Year Ended April 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	IDA Public Library	
<b>PRIMARY GOVERNMENT</b>								
<b>Governmental activities:</b>								
General government	\$ 3,870,787	1,402,111	-	(2,394,560)	-	(2,394,560)	-	
Highways and streets	2,233,085	-	-	(2,233,085)	-	(2,233,085)	-	
Public safety	9,216,874	328,184	140,052	(8,748,638)	-	(8,748,638)	-	
Health & social services	23,000	-	-	(23,000)	-	(23,000)	-	
Community & economic development	166,215	-	356,569	190,354	-	190,354	-	
Interest on long-term debt	148,231	-	-	(148,231)	-	(148,231)	-	
Total governmental activities	15,658,192	1,730,295	496,621	(13,357,160)	-	(13,357,160)	-	
<b>Business-type activities:</b>								
Water & Sewer	4,985,347	6,009,246	-	-	1,023,899	1,023,899	-	
Total business-type activities	4,985,347	6,009,246	-	-	1,023,899	1,023,899	-	
Total primary government	20,643,539	7,739,541	496,621	(13,357,160)	1,023,899	(12,333,261)	-	
<b>COMPONENT UNIT</b>								
Ida Public Library	\$ 737,256	35,693	-	-	-	-	(625,099)	
<b>General revenues:</b>								
Property tax	\$ 5,115,592					5,115,592	631,320	
Sales and use tax	4,386,589					4,386,589	-	
Income tax	2,167,738					2,167,738	-	
Telecommunications tax	286,289					286,289	-	
Replacement tax	283,756					283,756	39,225	
Utility	2,077,676					2,077,676	-	
Interest	22,819					22,819	7,152	
Investment income (loss)	-				45,167	45,167	15,470	
Other	26,124				47,136	73,260	14,956	
Gain on sale of capital assets	6,186				-	6,186	-	
Transfers (out) in	(138,720)				138,720	-	-	
Intergovernmental Revenue	-				721,485	721,485	-	
Total general revenues	14,234,049				952,508	15,186,557	708,123	
Change in net assets	876,889				1,976,407	2,853,296	83,024	
<b>Net assets:</b>								
Beginning	31,902,641				38,323,981	70,226,622	1,195,143	
Ending	\$ 32,779,530				40,300,388	73,079,918	1,278,167	

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

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CITY OF BELVIDERE, ILLINOIS  
 Balance Sheet  
**Governmental Funds**  
 April 30, 2012

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents:				
Pooled	\$ -	146,889	-	146,889
Non-pooled	5,271,620	-	940,828	6,212,448
Receivables:				
Property taxes	4,079,698	40,024	468,355	4,588,077
Other	113,953	-	-	113,953
Prepaid items	282,361	-	-	282,361
Due from other funds	229,899	7,146	-	237,045
Due from other governments	2,367,259	-	49,670	2,416,929
Land held for resale	-	-	439,753	439,753
<b>Total assets</b>	<u>12,344,790</u>	<u>194,059</u>	<u>1,898,606</u>	<u>14,437,455</u>
<b>Liabilities:</b>				
Accounts payable	88,237	2,182	-	90,419
Accrued wages	52,471	-	-	52,471
Deferred revenue	4,433,873	40,024	468,355	4,942,252
Due to other funds	-	-	237,045	237,045
Total liabilities	<u>4,574,581</u>	<u>42,206</u>	<u>705,400</u>	<u>5,322,187</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepaid	282,361	-	-	282,361
Restricted for:				
Special revenue funds				
by tax levy	272,785	59,534	1,193,206	1,525,525
Committed to:				
General fund - Comcast	6,575	-	-	6,575
Capital projects fund	-	92,319	-	92,319
Assigned:				
Columbia Avenue	130,000	-	-	130,000
Minimum fund balance	3,387,000	-	-	3,387,000
Unassigned:				
General fund	3,691,488	-	-	3,691,488
Total fund balances	<u>7,770,209</u>	<u>151,853</u>	<u>1,193,206</u>	<u>9,115,268</u>
<b>Total liabilities &amp; fund balances</b>	<u>\$ 12,344,790</u>	<u>194,059</u>	<u>1,898,606</u>	<u>14,437,455</u>

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

CITY OF BELVIDERE, ILLINOIS  
**Reconciliation of Fund Balances of Governmental Funds to the  
Governmental Activities in the Statement of Net Assets**  
April 30, 2012

**Fund balances of governmental Funds** \$ 9,115,268

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

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

Capital assets	39,765,255	
Accumulated depreciation	<u>(10,797,716)</u>	28,967,539

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

Sales tax	275,310	
Use tax	30,705	
Telecommunications taxes	<u>44,319</u>	350,334

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

General obligation debt certificates	(770,982)	
Landfill post closure care costs	(324,140)	
Net police and fire pension obligations	(3,332,770)	
Post employment benefits	(1,101,562)	
Compensated absences	<u>(124,157)</u>	<u>(5,653,611)</u>

**Net assets of governmental activities** \$ 32,779,530

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

CITY OF BELVIDERE, ILLINOIS  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
**Governmental Funds**  
For the Year Ended April 30, 2012

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 12,937,290	40,117	520,826	13,498,233
Intergovernmental	-	-	749,886	749,886
Grants	214,168	356,569	-	570,737
Licenses & permits	307,085	-	-	307,085
Fines & fees	719,676	-	-	719,676
Interest	19,283	495	3,041	22,819
Other	695,509	31,017	-	726,526
<b>Total revenue</b>	<u>14,893,011</u>	<u>428,198</u>	<u>1,273,753</u>	<u>16,594,962</u>
<b>Expenditures:</b>				
Current:				
General government	1,774,532	-	100,744	1,875,276
Highways and streets	1,391,094	-	894,686	2,285,780
Capital projects	-	-	-	-
Public safety	9,162,366	-	-	9,162,366
Health & social services	23,000	-	-	23,000
Community & economic development	166,215	-	21,096	187,311
Capital outlay	-	480,832	-	480,832
Debt service:				
Principal	46,408	40,000	-	86,408
Interest	-	11,456	136,775	148,231
<b>Total expenditures</b>	<u>12,563,615</u>	<u>532,288</u>	<u>1,153,301</u>	<u>14,249,205</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,329,396</u>	<u>(104,090)</u>	<u>120,452</u>	<u>2,345,758</u>
<b>Other financing sources (uses):</b>				
Transfers in (out)	<u>(190,176)</u>	<u>51,456</u>	<u>-</u>	<u>(138,720)</u>
<b>Total financing sources</b>	<u>(190,176)</u>	<u>51,456</u>	<u>-</u>	<u>(138,720)</u>
<b>Net change in fund balances</b>	2,139,220	(52,634)	120,452	2,207,038
<b>Fund balances:</b>				
Beginning	<u>5,630,989</u>	<u>204,487</u>	<u>1,072,754</u>	<u>6,908,230</u>
Ending	<u>\$ 7,770,209</u>	<u>151,853</u>	<u>1,193,206</u>	<u>9,115,268</u>

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

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**

April 30, 2012

**Net Change in Fund Balances - total governmental funds** \$ 2,207,038

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

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

Capital asset purchased	430,041	
Capital asset purchased - in process	5,156	
Depreciation expense	<u>(1,905,186)</u>	(1,469,989)

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

Sales taxes	45,310	
Telecommunication taxes	<u>33,524</u>	78,834

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

86,408

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

Decrease in underfunding of police and fire pensions	180,832	
Increase in post employment benefits - net	(235,338)	
Decrease in compensated absences	<u>29,104</u>	<u>(25,402)</u>

**Change in net assets of governmental activities** \$ 876,889

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

CITY OF BELVIDERE, ILLINOIS  
Statement of Net Assets  
**Proprietary Fund Type - Water & Sewer**  
April 30, 2012  
With Comparative Totals for April 30, 2011

Current Assets:	Business-Type Activity Water & Sewer	
	2012	2011
Cash and cash equivalents:		
Pooled	\$ 248,565	60,777
Non-pooled	5,555,448	5,592,940
Investments	4,340,275	3,194,123
Prepaid expenses	175,347	134,655
Accounts receivable (net of allowance for uncollectible):		
Billed services	429,098	436,648
Unbilled services	563,697	694,884
Total accounts receivable	992,795	1,131,532
Other receivables:		
Accrued interest	13,567	14,153
Inventories	96,412	84,950
Deferred charges/bond issue	32,448	40,135
Total current assets	11,454,857	10,253,265
<b>Noncurrent assets:</b>		
Restricted assets:		
Bond account/Bond & interest	355,513	472,009
Total restricted assets	355,513	472,009
Capital assets:		
Cost	59,231,187	57,125,677
Accumulated depreciation	(23,936,600)	(23,511,864)
Net capital assets	35,294,587	33,613,813
Total noncurrent assets	35,650,100	34,085,822
<b>Total assets</b>	\$ 47,104,957	44,339,087

CITY OF BELVIDERE, ILLINOIS  
Statement of Net Assets (Continued)  
**Proprietary Fund Type - Water & Sewer**  
April 30, 2012  
With Comparative Totals for April 30, 2011

	Business-Type Activity Water & Sewer	
	2012	2011
<b>Current Liabilities:</b>		
Accounts payable	\$ 665,203	228,480
Accrued liabilities	26,229	20,711
Accrued interest payable	44,359	57,474
Liabilities payable from restricted assets:		
Alternate revenue bond payable	540,000	510,000
Revenue refunding bonds, Series 2003	190,000	180,000
Revenue bonds, Series 2004	145,000	135,000
Compensated absences	57,511	60,326
Capital lease payable	111,763	108,205
	1,780,065	1,300,196
<b>Noncurrent liabilities:</b>		
Revenue bonds payable and unamortized premium	5,024,504	4,714,910
	6,804,569	6,015,106
<b>Net assets:</b>		
Invested in capital assets, net of related debt	30,546,281	29,302,842
Restricted:		
Capital projects	3,553,938	3,553,938
Debt service	112,753	114,065
Unrestricted	6,087,416	5,353,136
<b>Total net assets</b>	\$ 40,300,388	38,323,981

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



CITY OF BELVIDERE, ILLINOIS  
Statement of Revenue, Expenses and  
Changes in Fund Net Assets  
**Proprietary Fund Type - Water & Sewer**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	Business-Type Activity Water & Sewer	
	2012	2011
<b>Operating revenues:</b>		
Charges for services:		
Water	\$ 2,284,076	2,131,539
Water sales pledged as security for revenue bonds	52,063	305,325
Sewer	3,364,131	3,295,450
Sewer charges pledged as security for revenue bonds	303,450	265,000
Deposits on connections	5,526	46,751
Total charges for services	6,009,246	6,044,065
Other	47,136	155,762
Total operating revenues	6,056,382	6,199,827
<b>Operating expenses:</b>		
Operations:		
Water	1,556,484	1,522,221
Sewer	1,691,525	1,831,693
Collection system	359,712	393,384
Depreciation	1,157,858	1,292,469
Total operating expenses	4,765,579	5,039,767
<b>Net operating income (loss)</b>	1,290,803	1,160,060
<b>Nonoperating revenue (expense):</b>		
Interest on investments	45,167	54,672
Amortization on bond discount	8,786	10,345
Intergovernmental revenue	721,485	-
Fiscal charges	(1,050)	(1,050)
Interest expense	(227,504)	(276,967)
Total nonoperating revenue (expense)	546,884	(213,000)
<b>Net Income (loss) before contributions &amp; transfers</b>	1,837,687	947,060
Capital contributions	-	1,025,470
Transfers in (out)	138,720	138,720
<b>Change in net assets</b>	1,976,407	2,111,250
<b>Net assets:</b>		
Beginning	38,323,981	36,212,731
Ending	\$ 40,300,388	38,323,981

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

CITY OF BELVIDERE, ILLINOIS  
Statement of Cash Flows  
**Proprietary Fund Type - Water & Sewer**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	Business-Type Activity Water & Sewer	
	2012	2011
<b>Cash flow from operating activities:</b>		
Receipts from customers & users	\$ 6,195,119	6,085,256
Payments to suppliers	(2,102,898)	(2,520,510)
Payments to employees	(1,117,551)	(1,094,459)
Net cash provided (used) by operating activities	2,974,670	2,470,287
<b>Cash flows from noncapital financing activities:</b>		
Transfer from (to) other funds	138,720	138,720
Net cash provided (used) by noncapital financing activities	138,720	138,720
<b>Cash flows from capital and related financing activities:</b>		
Intergovernmental revenue and loan	2,033,840	-
Purchase of capital asset	(2,838,631)	(2,730,346)
Principal paid on capital debt	(825,000)	(795,000)
Interest and fiscal charges paid on capital debt	(241,669)	(262,186)
Net cash provided (used) by financing activities	(1,871,460)	(3,787,532)
<b>Cash flows from investing activities:</b>		
Net (Purchases) Proceeds from sale of investments	(1,253,883)	631,969
Interest received	45,753	58,210
Net cash provided (used) by investing activities	(1,208,130)	690,179
Net increase (decrease) in cash and cash equivalents	33,800	(488,346)
<b>Cash and cash equivalents:</b>		
Beginning	6,125,726	6,614,072
Ending	\$ 6,159,526	6,125,726

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

CITY OF BELVIDERE, ILLINOIS  
Statement of Cash Flows (Continued)  
**Proprietary Fund Type - Water & Sewer**  
April 30, 2012  
With Comparative Totals for April 30, 2011

	Business-Type Activity Water & Sewer	
	2012	2011
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 1,290,803	1,160,060
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	1,157,858	1,292,469
Changes in assets & liabilities:		
(Increase) decrease in:		
Accounts receivable	7,550	(43,339)
Prepaid expenses	(40,692)	(28,421)
Estimated unbilled services	131,187	(71,232)
Inventories	(11,462)	(12,162)
Increase (decrease) in:		
Accounts payable	436,723	161,313
Accrued payroll	5,518	6
Compensated absences	(2,815)	11,593
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,974,670</b>	<b>2,470,287</b>
<b>Noncash investing, capital and financing activities:</b>		
Contributions of capital assets from developers	\$ -	1,025,470

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

CITY OF BELVIDERE, ILLINOIS  
Statement of Fiduciary Net Assets  
**Fiduciary Funds**  
April 30, 2012

	Pension Trust Funds	Escrow Fund	Total
<b>Assets:</b>			
Cash and cash equivalents:			
Non-pooled	\$ 63,672	-	63,672
Investments at fair value:			
Time deposits	643,500	93,515	737,015
Money market accounts	1,643,507	763,089	2,406,596
State and Local Obligations	724,234	-	724,234
U.S. Gov. and Agency Obligations	7,989,472	-	7,989,472
Corporate bonds	2,067,876	-	2,067,876
Equity securities	4,064,861	-	4,064,861
Mutual funds	5,606,455	-	5,606,455
Insurance contracts	2,741,568	-	2,741,568
Prepaid expenses	13,691	-	13,691
Receivables:			
Interest	87,942	-	87,942
Due from other funds	-	-	-
	<u>25,646,778</u>	<u>856,604</u>	<u>26,503,382</u>
Total assets			
<b>Liabilities:</b>			
Accounts payable	9,613	-	9,613
Due to developers	-	42,278	42,278
Due to other districts	-	814,326	814,326
	<u>9,613</u>	<u>856,604</u>	<u>866,217</u>
Total liabilities			
<b>Net assets:</b>			
Held in trust for pension benefits and other purposes	\$ <u>25,637,165</u>	<u>-</u>	<u>25,637,165</u>

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

CITY OF BELVIDERE, ILLINOIS  
Statement of Changes in Fiduciary Net Assets  
**Pension Trust Funds**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	<u>2012</u>	<u>2011</u>
<b>Additions:</b>		
Contributions:		
Employer	\$ 1,768,174	853,775
Plan member	419,738	421,385
Total contributions	<u>2,187,912</u>	<u>1,275,160</u>
Investment income		
Interest	605,395	554,101
Net appreciation in fair value	69,230	2,032,211
Total investment income	<u>674,625</u>	<u>2,586,312</u>
Less investment expense	<u>(103,682)</u>	<u>(96,837)</u>
Net investment income	<u>570,943</u>	<u>2,489,475</u>
Total additions	<u>2,758,855</u>	<u>3,764,635</u>
<b>Deductions:</b>		
Benefits	1,596,805	1,578,884
Refunds of contributions	20,198	-
Administrative expenses	40,657	33,558
Total deductions	<u>1,657,660</u>	<u>1,612,442</u>
<b>Net increase</b>	1,101,195	2,152,193
<b>Net assets held in trust for pension benefits:</b>		
Beginning	<u>24,535,970</u>	<u>22,383,777</u>
Ending	\$ <u><u>25,637,165</u></u>	<u><u>24,535,970</u></u>

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

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The City was incorporated in 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, public improvements, planning and zoning, financial and general administrative services.

B. Financial Reporting Entity

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

The City is a municipal corporation governed by a City Council, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the City is considered a primary government with the Ida Public Library as a component unit.

The Ida Public Library (the Library) is governed by a board, which is appointed by the Mayor and approved by City Council; however, the Library is fiscally dependent on the City because the City levies its taxes and must approve its budget and debt issuances. No separate financial statements of the Library have been issued. The Library is reported as a discrete component unit since it is legally separate from the City.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

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

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

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties (enterprise funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds*, the City has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. The City utilizes pension trust funds 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.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of material inter-fund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items 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 accounts for the resources devoted to finance the services traditionally associated with local government. Included in these services are general administration of the City, financial management, police and fire protection, inspection services, streets, public works and building maintenance. Any other activity for which a special fund has not been created is accounted for in the General Fund.

The Capital Project Fund accounts for major capital expenditures not financed by enterprise funds or trust funds.

The City reports the following major proprietary fund:



CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants, contributions and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Nonoperating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally considered to be within 60 days after year-end. However, the City has decided for the 2012 fiscal year to recognize three months of income tax collected by the State of Illinois and vouchered, but not paid during the 60 day period. This change resulted in a consistent recognition of 12 months of income tax revenue when compared with prior years. The City recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Those revenues susceptible to accrual are property taxes, income taxes, personal property replacement taxes, licenses, interest revenue and charges for services. Sales tax and telecommunication tax owed to the state at year end on behalf of the City are also recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports deferred revenue on its financial statements. Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" or "earned" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures.

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

F. Cash and Cash Equivalents

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

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

G. Investments

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

H. Inventories

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

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Prepaid Items / Expenses

Payments made to vendors for services that will benefit periods beyond the date of the report are recorded as prepaid expenses.

J. Restricted Assets

Certain proceeds of the City's business-type fund revenue bonds as well as certain resources set aside for their repayment are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

The Ida Public Library restricted investment is restricted by the donor as to the use of interest earned on the principal.

K. Property Taxes

The City annually establishes a legal right to revenue from property tax assessments upon enactment of a tax levy ordinance by its City Council. Property taxes are recognized as a receivable at the time they are levied. Revenue from property taxes is recognized as the taxes are collected in the year intended to finance or when they become available to be used to pay liabilities of the current period, generally considered to be within sixty days after year end.

Revenue from those taxes, which are not considered available is deferred. An allowance, based on historical collection experience, is provided for the uncollectible taxes.

The property tax calendar for the 2011 tax levy is as follows:

Lien date	January 1, 2011
Levy date	December 19, 2011
Tax bills mailed (at least 30 days prior to first installment due date)	
First installment due	June 11, 2012
Second installment due	September 4, 2012

Property taxes are billed and collected by the County Treasurer of Boone County, Illinois. The 2012 tax levy, which attached as an enforceable lien on property as of January 1, 2012, has not been recorded as a receivable as of April 30, 2012 as the tax has not yet been levied by the City and will not be levied until December 2012, and, therefore, the levy is not measurable at April 30, 2012.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Taxes (Continued)

The City and its component unit's 2011 tax rates per \$100 of assessed valuation together with the related maximum tax rates are as follows:

Type of Levy	Rate Per \$100 of Assessed Valuation	
	Rate	Legal Maximum
City		
General	0.43750	0.4375
Fire protection	0.00142	0.6000
Police protection	0.00142	0.6000
Garbage	0.00425	0.2000
Street lighting	0.05000	0.0500
Public benefit	0.01134	0.0500
Civil defense	0.00193	0.0500
Forestry	0.01134	0.0500
Special bridge	0.01559	0.0175
IMRF	0.01700	None
Fire pension	0.23551	None
Police pension	0.23403	None
Audit	0.00425	None
Liability insurance	0.06517	None
Social security	0.05381	None
Street & Bridge	0.00000	None
Insurance	<u>0.02267</u>	None
Total City	<u>1.16723</u>	
IDA Public Library	<u>0.18200</u>	0.6000

L. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, storm water), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 for infrastructure and \$5,000 for all other depreciable assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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 & improvements	10-40
Equipment	5-10
Vehicles	5-20
Infrastructure	20-50

Infrastructure assets normally can be preserved for a significantly greater number of years than other capital assets because they normally (a) can be maintained in a condition that will allow them to be used longer than most other capital assets and (b) are stationary in nature. The City has elected to capitalize its infrastructure assets prospectively and not retroactively as required by GASB-34 for entities having less than \$100 million and more than \$10 million in revenues.

M. Compensated Absences

The City's employees are granted sick and vacation days which may not be accumulated past the employee's anniversary date, unless approved by the department head. Employees may also earn compensatory time which may be carried over from year to year. The City has an outstanding balance due to employees for the governmental and business type activities at April 30, 2012, in the amount of \$124,157 and \$57,511, respectively.

N. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Long-term Obligations

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

O. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are classified as interfund receivables/payables. Long-term interfund loans are classified as advances to/from other funds. In October 2005, an interfund loan of approximately \$159,000 was made from the General Fund to provide cash for the Kishwaukee TIF to purchase land in the TIF. This land was purchased for the purpose of reselling the land to a developer. When the land is sold, the loan is expected to be repaid in full at that time. Approximately \$101,600 of this loan is still outstanding at April 30, 2012.

P. Cost Sharing with Boone County

The City of Belvidere and the County of Boone formed the Belvidere-Boone County Public Building Corporation, a nonprofit corporation, for the purpose of constructing and leasing a public safety facility to the City and County. The City and County have signed a new lease agreement through February 10, 2016. The expenses of the public safety facility are shared 50% by the City and 50% by the County. For the current year, the City's share of the expense was \$634,071.

The City has excluded the Corporation from its reporting entity on the basis that the operations are included in the County's financial statements and that the scope of services encompasses the entire county.

Q. Fund Balance/Net Assets

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

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fund Balance/Net Assets (Continued)

In the fund financial statements, fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent. The non-spendable classification contains amounts not in spendable form or legally or contractually required to be maintained intact. Restricted amounts contain restraints on their use externally imposed by creditors, grantors, contributors, or law or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation. Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the City Council, and it takes an ordinance, resolution, or formal vote of approval to establish a fund balance commitment. Amounts intended to be used for specific purposes are assigned. Assignments should not cause deficits in the unassigned fund balance. Unassigned fund balance is the residual classification for the general fund.

2. OMISSION OF CERTAIN INFRASTRUCTURE ASSETS

Generally accepted accounting principles require phase 2 governmental units to capitalize infrastructure assets prospectively when they implement GASB-34. The City of Belvidere implemented GASB-34 during fiscal year ended April 30, 2004. In addition, they are required on or before April 30, 2008 to retroactively report infrastructure assets acquired or constructed after May 1, 1980. Management has decided not to determine the cost of assets acquired or the amount of depreciation on those assets during the period May 1, 1980 and April 30, 2003. As a result, the assets and net assets at April 30, 2012 have been understated, and for the fiscal year ended April 30, 2012 depreciation expense has been understated. The amount by which the assets, net assets and depreciation expense of the governmental activities are understated is not reasonably determinable.

3. DEPOSITS AND INVESTMENTS

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

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

3. DEPOSITS AND INVESTMENTS (Continued):

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

Illinois Metropolitan Investment Fund (IMET) is an investment pool, which allows local governments to pool their funds for the purpose of investing. The City contributes to IMET's 1-3 Year Fund, which is a fully collateralized, long-term money market. Investments in IMET's 1-3 Year Fund are valued at 100% of the value of pool shares.

**Primary government including restricted assets:**

Cash	\$ 1,270
Demand deposits	588,764
Time deposits	4,595,788
Money Market accounts	11,548,791
Illinois Funds	24,526
Illinois Metropolitan Investment Fund	100,000
Total primary government cash, equivalents and investments	16,859,139

**Fiduciary Funds:**

**Pension Trust Funds:**

Demand deposits	63,672
Time deposits	643,500
Money Market accounts	1,643,507
State and Local Obligations	724,234
U.S. Government and Agency Obligations	7,989,472
Corporate Bonds	2,067,876
Mutual Funds	5,606,455
Equity securities	4,064,861
Insurance annuity contract	2,741,568
	25,545,145

**Escrow Fund:**

Demand deposits	93,515
Money Market accounts	763,089
Total Fiduciary Funds cash, equivalents and investments	856,604
Total cash and investments	\$ 43,260,888



CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit for deposits is the risk that in the event of a bank failure the City's deposits may not be returned. The City's policy requires that funds on deposit in excess of FDIC (Federal Depository Insurance Corporation) must be secured by collateral and held by an independent third party. At April 30, 2012, the City's investments were in compliance with the investment policy requirements.

Interest Rate Risk

Interest-rate risk arises because potential purchasers of debt securities will not agree to pay fair value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. The Fire and Police Pension Funds' investment policies do not specifically address interest rate risks. It is reasonably possible that changes in the value of investments will occur in the near term and such changes could be material in amount. At April 30, 2012 the Fire and Police Pension Funds held the following fixed rate investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>&lt; 1</u>	<u>1-5</u>	<u>6-10</u>	<u>&gt; 10</u>
Brokered CDs	\$ 126,285	-	126,285	-	-
Corporate Bonds	2,067,876	-	1,185,068	882,808	-
State and Local Obligations	724,234	50,920	78,816	594,498	-
U.S. Government	1,322,739	-	634,567	487,612	200,560
U.S. Agencies	6,540,445	239,323	1,549,159	1,842,556	2,909,407
Total Fixed Rate Investments	\$ <u>10,781,579</u>	<u>290,243</u>	<u>3,573,895</u>	<u>3,807,473</u>	<u>3,109,967</u>

As of April 30, 2012, the ratings of the debt securities owned by the Fire and Police Pension Funds and not explicitly guaranteed by the U.S. Government are as follows:

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

3. DEPOSITS AND INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Cost</u>	<u>Credit Rating</u>
		<u>Moody's</u>
Brokered CD's	\$ 126,285	NR
State and Local Obligations Bonds		
Breakdown by rating as follows:	119,095	Aa2
	411,314	Aa3
	53,532	Baa2
	115,009	Not Rated
	25,284	Withdrawn
Federal Farm Credit Banks	1,496,023	Aaa
Federal National Mortgage Association	378,995	Aaa
Federal Home Loan Banks	1,248,352	Aaa
Federal Home Loan Mortgage Corporation	848,069	Aaa
Corporate Bonds		
Breakdown by rating as follows:	450,670	A1
	613,133	A2
	384,931	A3
	132,359	Aa3
	115,933	Baa1
	249,986	Baa2
	120,864	Baa3
Government National Mortgage Association Pool Notes ** Guaranteed by the US Gov't	2,569,008	**
Annuities	\$ 2,741,568	NA

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012 was as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 523,664	-	-	523,664
Construction in progress	656,134	5,156	656,134	5,156
Total assets not being depreciated	<u>1,179,798</u>	<u>5,156</u>	<u>656,134</u>	<u>528,820</u>
Capital assets being depreciated:				
Land improvements	49,995	-	-	49,995
Infrastructure	31,679,300	-	-	31,679,300
Buildings & Improvements	2,367,729	-	-	2,367,729
Equipment	1,480,758	382,357	12,587	1,850,528
Vehicles	2,710,973	703,818	125,908	3,288,883
Total capital assets being depreciated	<u>38,288,755</u>	<u>1,086,175</u>	<u>138,495</u>	<u>39,236,435</u>
Less accumulated depreciation for:				
Land improvements	4,583	1,250	-	5,833
Infrastructure	5,304,266	1,547,260	-	6,851,526
Buildings & Improvements	798,687	78,857	-	877,544
Equipment	1,075,084	110,405	12,587	1,172,902
Vehicles	1,848,405	167,414	125,908	1,889,911
Total accumulated depreciation	<u>9,031,025</u>	<u>1,905,186</u>	<u>138,495</u>	<u>10,797,716</u>
Total capital assets being depreciated, net	<u>29,257,730</u>	<u>(819,011)</u>	<u>0</u>	<u>28,438,719</u>
Governmental activities capital assets, net	\$ <u>30,437,528</u>	<u>(813,855)</u>	<u>656,134</u>	<u>28,967,539</u>

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

4. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 61,753
Public works	1,650,040
Public safety	193,393
Total	<u>\$ 1,905,186</u>

Insurance recoveries for damage of capital assets are included as miscellaneous revenues in the governmental funds.

<u>BUSINESS-TYPE ACTIVITIES</u>	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 696,551	-	-	696,551
Construction in progress	2,927,874	2,514,527	-	5,442,401
Total assets not being depreciated	<u>3,624,425</u>	<u>2,514,527</u>	<u>-</u>	<u>6,138,952</u>
Capital assets being depreciated:				
Building & structures	2,224,125	56,500	-	2,280,625
Equipment	3,255,051	267,605	52,141	3,470,515
Furniture & fixtures	192,681	-	30,456	162,225
Vehicles	1,292,032	-	650,525	641,507
Water transmission system	13,592,377	-	-	13,592,377
Sewer collection system	32,944,986	-	-	32,944,986
Total capital assets being depreciated	<u>53,501,252</u>	<u>324,105</u>	<u>733,122</u>	<u>53,092,235</u>
Less accumulated depreciation for:				
Building & structures	1,998,960	28,163	-	2,027,123
Equipment	2,153,647	151,181	52,141	2,252,687
Furniture & fixtures	192,681	-	30,456	162,225
Vehicles	1,241,313	11,730	650,525	602,518
Water transmission system	5,500,894	228,013	-	5,728,907
Sewer collection system	12,424,369	738,771	-	13,163,140
Total accumulated depreciation	<u>23,511,864</u>	<u>1,157,858</u>	<u>733,122</u>	<u>23,936,600</u>
Total capital assets being depreciated, net	<u>29,989,388</u>	<u>(833,753)</u>	<u>-</u>	<u>29,155,635</u>
Business-type activities capital assets, net	<u>\$ 33,613,813</u>	<u>1,680,774</u>	<u>-</u>	<u>35,294,587</u>

5. LONG-TERM DEBT

The following is a summary of debt transactions of the City for the year ended April 30, 2012.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

5. LONG-TERM DEBT (Continued)

<u>GOVERNMENTAL ACTIVITIES</u>	Beginning Balance	Additions	Reductions	Ending Balance
General obligation debt certificates	\$ 810,982	-	40,000	770,982
Brownsfield revolving loan	140,000	-	-	140,000
Police and Fire pension underfunding	3,513,602	-	180,832	3,332,770
Landfill post closure care cost	370,548	-	46,408	324,140
Post employment benefits	866,224	235,338	-	1,101,562
Compensated absences	153,261	120,971	150,075	124,157
TOTAL	<u>\$ 5,854,617</u>	<u>356,309</u>	<u>417,315</u>	<u>5,793,611</u>
<u>BUSINESS-TYPE ACTIVITIES</u>	Beginning Balance	Additions	Reductions	Ending Balance
Bonds payable:				
Alternate Revenue Source, Series 2003	\$ 2,180,000	-	510,000	1,670,000
Revenue, Series 2004	2,365,000	-	135,000	2,230,000
Refunding, Series 2003	565,000	-	180,000	385,000
IEPA Revolving Loan	-	1,312,357	-	1,312,357
Capital lease	454,755	-	107,731	347,024
Compensated absences	60,326	168,613	171,428	57,511
Unamortized bond premium	83,360	-	16,472	66,888
TOTAL	<u>\$ 5,708,441</u>	<u>1,480,970</u>	<u>1,120,631</u>	<u>6,068,780</u>

The outstanding debt as of April 30, 2012 consists of the following individual amounts:

<u>GOVERNMENTAL ACTIVITIES</u>	Balances, April 30	Current Portion
General obligation debt certificates, Series 2005, original issue amount of \$1,000,000. Principal payments due August 1, 2006 through 2025. Interest due February 1 and August 1. Interest variable in 5-year increments - 2010, 2015 and 2020. Current rate through August 1, 2012 is 1.45%.	\$ 770,982	45,000
Police and fire pension underfunding	3,332,770	-
Landfill post closure care cost requirements by the state and and federal governments of maintenance and monitoring of Belvidere landfill #1 and Belvidere/Boone County landfill # 2.	324,140	82,500
Brownsfield revolving loan from City of Belvidere, original issue amount is \$140,000. Interest is 0% with principal payments due annually beginning October 1, 2016 in the amount of \$8,750 through October 1, 2031.	140,000	-
Post employment benefits	-	-
	1,101,562	-
Compensated absences	124,157	124,157
<b>Total governmental activities</b>	<u>\$ 5,793,611</u>	<u>251,657</u>

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

5. LONG-TERM DEBT (Continued)

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>Balances, April 30</u>	<u>Current Portion</u>
Alternate revenue source bonds, Series 2003, original issue amount of \$5,610,000. Due in annual installments varying from \$340,000 beginning May 1, 2004, to \$575,000 on May 1, 2015; interest is payable on May 1 and November 1 of each year. Interest rates vary from 2.5% to 4.25%.	\$ 1,670,000	540,000
Revenue refunding bonds, Series 2003, original issue amount of \$1,760,000. Due in annual installments varying from \$105,000 beginning February 1, 2004 to \$195,000 on February 1, 2014; interest is payable on February 1 and August 1 of each year. Interest rates vary from 3.0% to 5.0%.	385,000	190,000
Revenue bonds, Series 2004, original issue amount of \$3,100,000. Due in annual installments varying from \$50,000 beginning February 1, 2005 to \$235,000 on February 1, 2024; interest is payable on August 1 and February 1 of each year. Interest rates vary from 4.6% to 5.0%.	2,230,000	145,000
IEPA Wastewater Treatment Works Loan issue amount of \$2,855,832. Due in semi-annual installments of \$62,366 beginning March 28, 2013. Interest rate is 1.25%. Repayment has not yet begun as the IEPA has not distributed the full loan amount. Interest is accrued until repayment begins.	1,312,357	-
Lease purchase agreement - water meters \$660,900; due in annual installments of \$123,291 beginning May 5, 2009 to May 5, 2014	347,024	111,763
Compensated absences	57,511	57,511
Unamortized bond premium	66,888	-
<b>Total business-type activities</b>	<u>6,068,780</u>	<u>1,044,274</u>
<b>Total outstanding debt</b>	<u>\$ 11,862,390</u>	<u>1,295,931</u>

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

5. LONG-TERM DEBT (Continued)

The annual debt service requirements to amortize the outstanding debt as of April 30, 2012 is as follows:

**GOVERNMENTAL ACTIVITIES**

Ending April 30,	G.O. Debt Certificates		Landfill Post Closure Care Cost		Revolving Loan Fund - City		Total Principal Payments
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	\$ 45,000	25,942	82,500	-	-	-	127,500
2014	45,000	24,380	82,500	-	-	-	127,500
2015	45,000	22,819	159,140	-	-	-	204,140
2016	50,000	21,170	-	-	8,750	-	50,000
2017	50,000	19,435	-	-	43,750	-	93,750
2018 - 2022	280,000	69,417	-	-	43,750	-	323,750
2023 - 2027	255,982	17,969	-	-	43,750	-	299,732
Total	\$ <u>770,982</u>	<u>201,132</u>	<u>324,140</u>	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>1,226,372</u>

**BUSINESS-TYPE ACTIVITIES**

Ending April 30,	Alternate Revenue Source Series 2003		Refunding Bonds Series 2003		Revenue Bonds Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 540,000	67,375	190,000	19,250	145,000	101,010
2014	555,000	45,775	195,000	9,750	150,000	93,760
2015	575,000	23,575	-	-	155,000	86,260
2016	-	-	-	-	165,000	78,510
2017	-	-	-	-	175,000	70,260
2018 - 2022	-	-	-	-	985,000	237,050
2023 - 2027	-	-	-	-	455,000	31,630
Total	\$ <u>1,670,000</u>	<u>136,725</u>	<u>385,000</u>	<u>29,000</u>	<u>2,230,000</u>	<u>698,480</u>

Ending April 30,	Capital Lease Payable		IEPA Wastewater Treatment Works Loan		Total Payments
	Principal	Interest	Principal	Interest	
2013	\$ 111,763	11,528	58,142	16,223	1,260,291
2014	115,501	7,789	58,871	15,494	1,246,940
2015	119,760	3,958	59,609	14,756	1,037,918
2016	-	-	60,357	14,009	317,876
2017	-	-	61,113	13,252	319,625
2018 - 2022	-	-	317,255	54,571	1,593,876
2023 - 2032	-	-	697,008	46,643	1,230,281
	\$ <u>347,024</u>	<u>23,275</u>	<u>1,312,355</u>	<u>174,948</u>	<u>7,006,807</u>

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

5. LONG-TERM DEBT (Continued)

The City typically has been paying long-term debt from the general fund, capital projects fund and tax increment financing funds.

The City is responsible for the cost associated with the continued maintenance and monitoring of the Belvidere Landfill #1 and Belvidere/Boone County 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.

The City and Boone County share the costs of closing and continued maintenance of the Belvidere/Boone County Landfill #2 on a 50 - 50 basis. The landfill ceased accepting solid waste in September of 1992, and was issued a certificate of closure by the 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, 2012 post-closure care costs are continuing, and are described in more detail below.

Pursuant to GASB Statement 18, a liability is being recognized in the current year based on the future post-closure care costs that will be incurred subsequent to the balance sheet date. At balance sheet date, the City's estimated share of the liability for landfill post closure care costs has a balance of \$67,500 which is based on 100% usage (filled) of the landfill.

Landfill Post Closure Care Cost

The Belvidere 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 care costs are continuing. The Federal Environmental Protection Agency has approved the shut down 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 reevaluation of the shutdown will 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. \$46,408 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 \$324,140 based on favorable results after the initial trial period and 100% usage (filled) of the landfill.

The estimated total liability of the landfills post-closure care is based on the amount that would be paid if all equipment, facilities and services required to monitor and maintain the landfill were acquired at balance sheet date. However, the actual costs of post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The liability in the long-term debt has been adjusted to reflect the changes in estimates for the two landfills referred to above.

CITY OF BELVIDERE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
April 30, 2012

5. LONG-TERM DEBT (Continued)

The City was involved in litigation for fees owed to the IEPA resulting from findings regarding the Belvidere Municipal (Appleton Road) Landfill and related oversight cost was \$5,000 per year. During the fiscal year, the City paid \$46,576.50 in litigation fees and the case was closed.

Revenue Bonds and Alternate Sources Bond Ordinance Condition

The Series 2003 Water and Sewerage Alternate Revenue Sources and the Water and Sewerage Revenue Refunding Bonds, Series 2003 and 2004 bond ordinances establish certain resource requirements for setting aside funds to fulfill the debt service payments as they become due and payable. At April 30, 2012, the City had \$315,819 in accounts restricted for the purposes set forth in the appropriate bond issue ordinances. For the year ended April 30, 2012, the City was substantially in compliance with all significant provisions imposed by the bond ordinances for set aside fund.

However, the bond issue ordinances also provide that the City will establish and maintain fees, charges and rates for the use of the system sufficient to pay operations and maintenance cost, principal and interest on all bonds payable from revenue of the system and to provide net revenues sufficient to provide an adequate depreciation fund and 1.25 times maximum debt service on the outstanding alternate bonds. The City was in compliance with the provision of the bond issue ordinance at April 30, 2012.

Capital Lease

The City entered into a capital lease agreement with a local bank for equipment related to water service on May 5, 2008 through May 5, 2014. The minimum annual lease payments are \$123,291 which includes interest, through the end of the term.

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, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.



CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

7. INDIVIDUAL FUND DISCLOSURES

Individual fund transfers, including pooled cash transfers made to eliminate negative cash balances, are as follows:

<u>FROM</u>	<u>TO</u>		
General Fund *	Capital Projects Fund *	\$	51,456
General Fund *	Water & Sewer *	\$	138,720

\* - denotes major fund

Interfund transfers during the year ended April 30, 2012 consisted of the following:

- \$51,456 Transfer from General Fund to major governmental fund. This represents the transfer to Capital Projects Fund for the purchase of budgeted capital assets.
- \$138,720 Transfer from General Fund to major proprietary fund. This represents the transfer to Water & Sewer Fund for General Fund's portion of bond payments.

8. EMPLOYEE RETIREMENT SYSTEMS

The City contributes to four defined benefit pension plans: two under Illinois Municipal Retirement Fund (IMRF) - a regular and a Sheriffs Law Enforcement Plan (SLEP). These are agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighter's Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all four plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue 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 online at [www.imrf.org](http://www.imrf.org).

A. Plan Descriptions

Illinois Municipal Retirement Fund - Regular & (SLEP)

All employees (other than those covered by the Police or Firefighter's plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. For IMRF members who were enrolled on 1/1/2011 or later, [Tier 2 rules] apply. Pension benefits vest after 8 [10] years of service. Participating members who retire at or after age 60 [67] with 8 [10] 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

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund - Regular & (SLEP) (Continued)

year thereafter. Tier 2 offers no increases before age 67, then yearly. The earliest retirement age is 55 with reduction for age [62 with increased reduction for age.]

As set by statute, the City's plan members are required to contribute 4.5% (7.5%) of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 was 12.09% (15.36%). The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Police Pension Plan

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

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not Yet Receiving Them	21
Current Employees	
Vested	26
Nonvested	<u>12</u>
<b>TOTAL</b>	<u><u>59</u></u>

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

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

The plan implemented new rules for employees hired after January 1, 2011. The City did not hire police officers after January 1, 2011 and therefore decided not to include the new rules in this fiscal year report.

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. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' 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 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not Yet Receiving Them	27
Current Employees	
Vested	22
Nonvested	<u>6</u>
 TOTAL	 <u>55</u>

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement.

The monthly pension shall be increased by 1/12 of 2.50% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75.00% of such monthly 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 retirement benefit. The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% compounded annually thereafter.

The plan implemented new rules for employees hired after May 1, 2011. The City did not hire firefighters after May 1, 2011 and therefore decided not to include the new rules in this fiscal year report.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past services costs for the Firefighters' Pension Plan.

B. Significant Investments

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

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

C. Annual Pension Costs

Employer IMRF contributions have been determined as follows:

	<u>Regular</u>	<u>SLEP</u>
Actuarial Valuation Date	December 31, 2009	December 31, 2009
Actuarial Cost Method	Entry-age normal	Entry-age normal
Asset Valuation Method	5 year - 20% corridor between market and actuarial value	5 year - 20% corridor between market and actuarial value
Amortization Method	Level percentage of payroll	Level percentage of payroll
Amortization Period	30 years open	30 years open
Significant Actuarial Assumptions:		
	7.5%	7.5%
a) Rate of return on present and future assets	Compounded annually	Compounded annually
b) Projected salary increases attributable to inflation	4.0%  Compounded annually	4.0%  Compounded annually
c) Additional Projected salary increases	0.4 to 10.0%	0.4 to 10.0%
d) Post retirement increases	3.0%	3.0%

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

C. Annual Pension Costs (Continued)

Employer pension contributions have been determined as follows:

	Police Pension	Firefighters Pension
Actuarial Valuation Date	April 30, 2011	April 30, 2011
Actuarial Cost Method	Entry-age normal	Entry-age normal
Asset Valuation Method	Market	Market
Amortization Method	Level percentage of payroll	Level percentage of payroll
Amortization Target	100% funded in year 2040	100% funded in year 2040
Significant Actuarial Assumptions:		
a) Rate of return on Present and future assets	7.0% Compounded annually	7.0% Compounded annually
b) Projected salary increase - Attributable to inflation	5.5% Compounded annually	5.5% Compounded annually

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

C. Annual Pension Costs (Continued)

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

	For December 31,	Illinois Municipal Retirement	
		Regular	SLEP
Annual Pension Cost (APC)	2011	\$ 317,526	12,986
	2010	385,921	12,828
	2009	351,094	11,754
Actual Contribution	2011	317,526	12,986
	2010	385,921	12,828
	2009	351,094	11,754
Percentage of APC Contributions	2011	100%	100%
	2010	100	100
	2009	100	100
NPO (asset)	2011	-	-
	2010	-	-
	2009	\$ -	-

	For April 30,	Pension Plan	
		Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2011	\$ 862,353	724,986
	2010	902,418	879,039
	2009	824,400	853,598
Actual Contribution	2011	885,875	882,299
	2010	425,700	425,700
	2009	379,268	379,268
Percentage of APC Contributions	2011	102.72%	121.70%
	2010	47.17%	48.43%
	2009	46.01%	44.43%
NPO (asset)	2011	1,746,189	1,767,413
	2010	1,269,471	1,314,074
	2009	\$ 854,474	869,880

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

C. Annual Pension Costs (Continued)

The net pension obligation (asset) as of April 30, 2012 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contribution (ARC)	\$ 825,606	687,949
Interest on net pension obligation (NPO)	122,233	123,719
Adjustment to ARC	(85,486)	(86,680)
Annual pension cost	862,353	724,988
Contributions made	885,875	882,299
Change in NPO	(23,522)	(157,311)
Beginning NPO	1,746,189	1,767,413
Ending NPO	\$ 1,722,667	1,610,102

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The City provides pre-65 retiree medical (including prescription drugs) and dental coverage to all eligible retirees (those with 20 years or more of service) and their eligible dependents. Additionally, lifetime "line-of-duty" disability retiree medical (including prescription drugs) and dental coverage is provided for all eligible police officers and firefighters who are totally and permanently disabled in the line of duty. Dependents of disabled police officers and firefighters receive lifetime coverage also.

Coverage is provided on a fully insured basis under the City's insurance plan currently provided through a contract with Blue Cross-Blue Shield of Illinois.

Coverage to non-disabled retirees is available on a contributory basis with the employee contributing 12% of the premium until age 65, when coverage ends. Lifetime line-of-duty disability retirement benefits are provided on a non-contributory basis. Retiree contributions for non-disabled retirees prior to age 65 are set annually to equal the contributory percentage times the current renewal premium rates. The City intends to fund the plan on a pay-as-you-go basis.



CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Participant information as follows:

At April 30, 2012, the participants in the plan consisted of:

Retirees and beneficiaries receiving benefits	36
Active vested plan members	55
Active nonvested plan members	<u>23</u>
Total	<u>114</u>

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

**Annual OPEB Cost and net OPEB Obligation**

	<u>4/30/2012</u>	<u>4/30/2011</u>
Annual required contribution	\$ 423,874	430,230
Interest on net OPEB obligation	34,649	30,524
Adjustment to annual required contribution	<u>(28,874)</u>	<u>(68,692)</u>
Annual OPEB cost	429,649	392,062
Contributions made	<u>145,431</u>	<u>136,323</u>
Increase (decrease) in net OPEB obligation	284,218	255,739
Net OPEB obligation beginning of year	<u>866,224</u>	<u>610,485</u>
Net OPEB obligation (excess) end of year	\$ <u><u>1,150,442</u></u>	<u><u>866,224</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

	<u>4/30/2012</u>	<u>4/30/2011</u>
Annual OPEB cost	\$ 429,649	392,062
Employer contributions	\$ 145,431	136,323
Percentage of annual OPEB cost contributed	33.8%	34.8%
Net OPEB obligation	\$ 1,150,442	866,224

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

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

The schedule of funding progress, presented as required supplementary information, shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the April 30, 2012 actuarial valuation, which was the latest performed, the actuarial assumptions included an investment rate of return and projected salary increases of 4.00% (down from 5.00%), an initial healthcare inflation rate of 8.00% and an ultimate healthcare inflation rate of 6%. The implicit benefit percentage has been increased from 20% to 40%, the current premiums have increased 32.2%. The plan's unfunded actuarial accrued liability is being amortized over 30 years. The actuarial value of assets was not determined as the City has not advance funded its obligation.

10. INSURANCE

A. Liability Insurance

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and net income losses. The City is a member of the Illinois Municipal League Risk Management Association, (IMLRMA) joint risk management pool of Illinois municipalities through which property, general liability, automobile liability, crime, boiler and machinery, public officials' and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The following table is a summary of the coverage in effect for the period May 1, 2011 through April 30, 2012:

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

10. INSURANCE (Continued)

A. Liability Insurance (Continued)

DESCRIPTION	<u>LIABILITY COVERAGES</u>	
	TOTAL AVAILABLE LIMITS	SELF-INSURED RETENTION
General Liability	\$8,000,000 each occurrence, each member, for all applicable coverages, incl. "Special Liability Coverages" listed below -- even if more than one coverage applies to the same loss.	\$2,000,000 each occurrence for all applicable coverages including "Special Liability Coverages" listed below-- even if more than one coverage applies to the same loss.
Auto Liability		
Broad Form Property		
Civil Constitutional		
Rights-Assault/Battery		
Contractual Liability		
Employee Benefit Programs		
Liability		
Incidental Malpractice		
Intentional Building Removal		
Limited Worldwide Liability		
Personal Injury/Advertising		
Liability		
Watercraft Liability	\$2,500,000 each occurrence,	\$2,000,000 each occurrence
Personal Injury as Respects	each Member/\$8,000,000	
Employment Practices	annual aggregate	

SPECIAL LIABILITY COVERAGES

DESCRIPTION	AVAILABLE COVERAGE LIMITS	SELF-INSURED RETENTION
Premises Medical Payments	\$3,000 each person	\$3,000 each person
	\$8,000,000 each occurrence	\$2,000,000 each occurrence
Fire Legal Liability	\$100,000 each occurrence	\$100,000 each occurrence
	\$100,000 annual aggregate	\$100,000 annual aggregate
Public Officials/Employees	\$2,500,000 each occurrence	\$2,000,000 each occurrence
	\$8,000,000 annual aggregate	
Liquor Liability	\$1,000,000 each occurrence	\$1,000,000 each occurrence
	\$1,000,000 annual aggregate	\$1,000,000 annual aggregate
Auto Medical Payments	\$10,000 each person	\$10,000 each person
	\$8,000,000 each occurrence	\$2,000,000 each occurrence
Uninsured/Underinsured	\$100,000 each person	\$100,000 each person
Motorist	\$300,000 each accident	\$300,000 each accident

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2012

10. INSURANCE (Continued)

**PROPERTY COVERAGES**

DESCRIPTION	TOTAL AVAILABLE LIMITS	SELF-INSURED RETENTION
Auto Physical Damage	Combined limit: \$30,000,000 any location, each occurrence;	\$2,000,000 each occurrence, each location
Building/Personal Property	\$250,000,000 each occurrence, all Members	
Inland Marine	\$50,000 extra expense	\$50,000 extra expense
Valuable Papers/Records	\$50,000 each occurrence	\$50,000 each occurrence
Flood/Earthquake Limits apply separately to each peril	*\$5,000,000 each occ./annual agg. each Member - \$76,500,000 annual agg. all Members	\$1,500,000 each occurrence

\*Catastrophe coverage – Flood/Earthquake

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

**STAND ALONE COVERAGES**

DESCRIPTION	TOTAL AVAILABLE LIMITS	SELF-INSURED RETENTION
Crime	\$100,000 each occurrence	\$100,000 each occurrence
Workers' Comp/ Occupational Disease	Statutory	\$2,000,000 each occurrence
Employer's Liability	\$3,000,000 each accident	\$2,000,000 each accident
Public Official Position Bond	As stated in the schedule filed with the Association	Not applicable

The Membership contribution for all of these coverages is \$661,791. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the last three years.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

10. INSURANCE (Continued)

B. Health and Dental Insurance

After being self-insured for many years, the City obtained quotes from interested insurance companies for a fully funded health insurance plan. Blue Cross Blue Shield of Illinois was selected. The program selected is a PPO with a 90/70 co-insurance plan and with an unlimited maximum coverage. The City continues to be self-funded for dental coverage. The employees pay a portion of the premiums. The portion paid is dependent upon their respective labor contract agreements. City employees electing insurance coverage pay 12% and Library employees pay 25% of the premium charged. Health insurance is quoted and purchased on a calendar year basis.

11. TAX INCREMENT REVENUE BONDS/NOTE

**1990 Tax Incentive Finance District**

The ordinance which provided for the issuance of \$1,225,000 Tax Increment Revenue Bonds, Series 1990, stated the following: The principal and the interest on the Bonds are payable solely from ad valorem taxes which are attributable to the increase in the assessed valuation above the then current equalized assessed valuation of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the total initial equalized assessed value of each such piece of property as determined by the County Clerk of the County of Boone, Illinois. The bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation.

The ordinance also stated the failure to pay the full amount of interest on any interest payment date or principal on any such date solely because of insufficient pledged taxes shall not be an event of default under this ordinance or the bonds, such unpaid amount to be paid, if at all, on the next succeeding interest payment date or dates as and to the extent pledged taxes are available. The bonds were paid off in July 2009.

**1993 Tax Incentive Finance District**

The ordinance which provided for the issuance of \$850,000 Senior Lien Tax Increment Revenue Bonds, Series 1993, stated the following: The principal and the interest on the Bonds are payable solely from (1) taxes which are attributable to the increase in the assessed valuation above the initial assessed value of the Mall Project Area as determined by the County Clerk of the County of Boone, Illinois, (2) sales tax derived from the Mall Project Area in excess of \$100,000, and (3) the amounts on deposit in and pledged to the fund in which payments are being made from.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

11. TAX INCREMENT REVENUE BONDS/NOTE (Continued)

The bonds do not constitute an indebtedness of the City within the meaning of any statutory provision. The ordinance also stated the insufficiency of the above pledged taxes to pay when due the principal requirement or the interest requirement, whether at stated maturity or upon mandatory redemption, shall not constitute a default on any bond, but such past due amounts shall be a continuing obligation payable from the above pledged taxes at the first interest payment date following an accounting, which shall have demonstrated the sufficiency of the pledged taxes to pay said delinquent amounts, provided that all such obligations for payment shall cease as of January 1, 2013. On and after January 1, 2013, any unpaid installment of the principal or interest requirement for any bond year shall be extinguished, and the obligation of the City to pay the same shall be null and void.

**Kishwaukee Tax Incentive Finance District Fund**

The ordinance, which provided for the issuance of \$3,036,000 Tax Increment Revenue Note (General Mills) Series 2003, stated the following, the note, together with interest and premium, if any. Thereon is a limited obligation of the City, payable solely and only from the collection of the Limited Incremental Property Taxes and the amounts on deposit in the 2003 Developer Account.

The note does not constitute an indebtedness of the City or a loan or credit thereof within the meaning of any statutory or constitutional limitation. The ordinance also stated that the failure to pay when due, any installment of current interest or any amount of outstanding principal amount due to insufficiency of the defined pledged moneys, whether at a regular interest payment date, at stated maturity, or otherwise, shall in no event be deemed to be an event of default. The note shall be due and payable on May 30, 2023.

12. LEGAL DEBT MARGIN

The City's aggregate indebtedness is subject to a statutory limitation by the State of Illinois of 8.625% of its equalized value. At April 30, 2012, the statutory limit of the City was \$30,441,822 based upon the 2011 equalized assessed value. The City has outstanding debt applicable to the debt limit of \$770,982 leaving a legal debt margin of \$29,670,840.

CITY OF BELVIDERE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
April 30, 2012

13. RELATED PARTY TRANSACTION

The City entered into a loan agreement under the Brownsfield Revolving Loan Fund, to loan money to itself for an allowable project. The total amount of the loan was \$200,000, of which 30% or \$60,000 is allowed for administrative expenses, resulting in \$140,000 due from the City. The terms of the note is 0% interest with annual principal payments of \$8,750 to be repaid beginning October 1, 2016 through October 1, 2031. The City has recorded a long-term receivable and long term debt of the net amount for this transaction.

14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment had been made as of April 30, 2011 by the previous auditor in the capital projects fund in the amount of \$85,000. A liability, which had been paid had been inadvertently recorded as payable in the preceding year.

15. SUBSEQUENT EVENTS

The City has evaluated subsequent events through September 11, 2012, which was the date that these financial statements were available for issuance, and determined that there were no significant unrecognized subsequent events through that date.

16. FUND BALANCES

The City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective with the April 30, 2012 financial statements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

The non-spendable classification contains amounts not in spendable form or legally or contractually required to be maintained intact.

Restricted amounts contain restraints on their use externally imposed by creditors, grantors, contributors, or law or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation. The City reports restricted fund balance amounts for special revenue funds imposed by tax levies.

CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

16. FUND BALANCES (Continued)

Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the City Council, and it takes an ordinance or resolution to establish a fund balance commitment. Capital projects fund balances are reported as committed based on the Budget & Appropriation Ordinance.

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

17. IDA PUBLIC LIBRARY – Component Unit

A. Summary of Significant Accounting Policies

The accounting policies of the Library conform to generally accepted accounting principles as applicable to governments. The Government 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:

1. Fund Accounting

The accounts of the Library are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into one fund type and one broad fund category as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Library are financed. The Library's expendable resources are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Library's governmental fund types:

General Fund - the General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.



CITY OF BELVIDERE, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2012

17. IDA PUBLIC LIBRARY - Component Unit (Continued)

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred.

The modified accrual basis of accounting is followed by the governmental funds on the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Library considers property taxes as available if they are collected within 60 days after year end. A one-year 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 fund liabilities when due.

3. Cash and Investments

Investments are stated at cost or amortized cost, which approximates fair value.

B. Deposits

Statutes authorize the Library to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds.

At year-end, the Library's carrying amount of deposits with financial institutions was \$78,570 and the corresponding bank balance was \$105,793. The entire bank balance of deposits was covered by federal depository insurance.

CITY OF BELVIDERE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)  
April 30, 2012

17. IDA PUBLIC LIBRARY – Component Unit (Continued)

C. Receivables

Property taxes for the 2011 levy year attach as an enforceable lien on January 1, 2011, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance.

Tax bills are prepared by the County and issued and are payable in two installments, on or about June 11, 2012, and September 4, 2012. The County collects such taxes and remits them periodically.

The Library recognizes property tax revenues when they become both measurable and available in the fiscal year that the tax levy is intended to finance or when they become available to be used to pay liabilities of the current period, generally considered to be within sixty days after year end. Revenue from those taxes, which are not considered available, is deferred. An allowance, based on historical collection experience, is provided for the uncollectible taxes.

D. Compensated Absences

Full-time employees earn vacation, which may not be carried over past their anniversary date, except with approval. Due to the varying anniversary dates, the Library has an outstanding balance due to employees at April 30, 2012 of \$6,959 which is recorded as a liability in the government wide financial statements.

E. Endowment Fund

The Library created the Ida Library Endowment Fund in 1992 to carry out the purposes of the Ida Public Library Association. The Board of Trustees has the power to authorize distribution of the net income and principal of the Fund provided that the uses are consistent with the general purposes for which the Fund was established. Contributions that are for specific purposes, as determined by the donor, are presented in the Statement of Net Assets as restricted net assets - donor specific.

F. Prior Period Adjustment

A prior period adjustment has been recognized in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual to adjust equity to the correct ending fund balance as of April 30, 2011.

CITY OF BELVIDERE, ILLINOIS  
 Required Supplementary Information  
 Schedule of Revenues, Expenditures,  
 and Changes in Fund Balance - Budget and Actual  
**General Fund**  
 For the Year Ended April 30, 2012  
 With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Taxes:					
Property taxes	\$ 4,524,800	4,554,649	4,554,651	2	4,381,602
Sales & use tax	2,938,413	3,484,967	3,585,688	100,721	3,268,452
Income tax	1,882,560	1,772,663	2,167,738	395,075	1,821,072
Hotel/Motel	6,000	4,355	4,435	80	4,408
Auto rental	4,700	4,870	4,870	-	5,339
Telecommunication tax	600,369	606,279	641,093	34,814	553,536
Utility tax	1,782,120	1,619,423	1,695,059	75,636	1,733,000
Replacement tax	237,781	285,110	283,755	(1,355)	343,211
Total taxes	11,976,743	12,332,316	12,937,290	604,974	12,110,620
Intergovernmental - grants	-	134,680	214,168	79,488	455,474
Licenses and permits	218,130	300,123	307,085	6,962	256,017
Fines & fees	712,300	695,445	719,676	24,231	722,012
Interest	225,700	239,693	19,283	(220,410)	15,425
Other	764,203	827,632	695,509	(132,123)	1,079,281
Total revenues	13,897,076	14,529,889	14,893,011	363,122	14,638,829
<b>Expenditures:</b>					
General government	2,422,226	2,320,078	1,774,532	545,546	3,163,980
Public safety	9,329,156	9,179,345	9,162,366	16,979	6,280,905
Highways and streets	1,551,762	1,465,818	1,437,502	28,316	793,272
Capital projects	-	-	-	-	2,744,215
Health & social services	28,000	23,000	23,000	-	20,000
Community & economic development	174,380	120,052	166,215	(46,163)	225,982
Total expenditures	13,505,524	13,108,293	12,563,615	544,678	13,228,354
<b>Excess of revenues over (under) expenditures</b>	391,552	1,421,596	2,329,396	907,800	1,410,475
<b>Other financing sources (uses):</b>					
Transfers in (out)	(190,176)	(190,176)	(190,176)	-	566,081
<b>Net change in fund balance</b>	\$ 201,376	1,231,420	2,139,220	907,800	1,976,556
<b>Fund balance</b>					
Beginning			5,630,989		3,654,433
Ending			\$ 7,770,209		5,630,989

CITY OF BELVIDERE, ILLINOIS  
 Required Supplementary Information  
 Schedule of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
**Capital Projects Fund**  
 For the Year Ended April 30, 2012  
 With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Taxes:					
Property	\$ 40,000	40,117	40,117	-	-
Utility	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Grants - Federal	-	150,000	356,569	206,569	63,141
Interest	100	472	495	23	844
Expense reimbursements	-	9,489	12,637	3,148	51,494
Other	15,000	9,700	18,380	8,680	-
Total revenues	<u>55,100</u>	<u>209,778</u>	<u>428,198</u>	<u>218,420</u>	<u>115,479</u>
<b>Expenditures:</b>					
Highways and streets:					
Capital outlay					
Miscellaneous	-	1,339	3,520	(2,181)	8,186
Future projects	-	-	-	-	-
Infrastructure	-	98,332	98,332	-	42,652
Equipment	-	8,575	220,824	(212,249)	5,248
Vehicles	-	158,156	158,156	-	656,134
	<u>-</u>	<u>266,402</u>	<u>480,832</u>	<u>(214,430)</u>	<u>712,220</u>
Debt service:					
Principal	51,456	40,000	40,000	-	39,228
Interest	-	11,456	11,456	-	21,391
Total debt service	<u>51,456</u>	<u>51,456</u>	<u>51,456</u>	<u>-</u>	<u>60,619</u>
Total expenditures	<u>51,456</u>	<u>317,858</u>	<u>532,288</u>	<u>(214,430)</u>	<u>772,839</u>
<b>Excess of revenues over (under) expenditures</b>	<u>3,644</u>	<u>(108,080)</u>	<u>(104,090)</u>	<u>3,990</u>	<u>(657,360)</u>
<b>Other financing sources (uses):</b>					
Extraordinary item - insurance proceeds - fire truck	-	-	-	-	562,979
Transfer in	51,456	51,456	51,456	-	(704,801)
Total other financing sources (uses)	<u>51,456</u>	<u>51,456</u>	<u>51,456</u>	<u>-</u>	<u>(141,822)</u>
<b>Net change in fund balance</b>	<u>55,100</u>	<u>(56,624)</u>	<u>(52,634)</u>	<u>3,990</u>	<u>(799,182)</u>
<b>Fund balance:</b>					
Beginning			204,487		918,669
Prior period adjustment			-		85,000
Ending			<u>\$ 151,853</u>		<u>204,487</u>

CITY OF BELVIDERE, ILLINOIS  
 Required Supplementary Information  
 Schedule of Funding Progress  
**Illinois Municipal Retirement Fund**  
 April 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
12/31/11	\$ 4,365,166	8,015,300	3,650,134	54.46 %	2,626,351	138.98 %
12/31/10	4,508,873	8,161,863	3,652,990	55.24	3,192,067	114.44
12/31/09	8,050,420	10,453,685	2,403,265	77.01	3,452,256	69.61

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$3,948,425. On a market basis, the funded ratio would be 49.26%.

CITY OF BELVIDERE, ILLINOIS  
 Required Supplementary Information  
 Schedule of Funding Progress  
**Illinois Municipal Retirement Fund (SLEP)**  
 April 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
12/31/11	\$ 313,972	357,742	43,770	87.76 %	84,547	51.77 %
12/31/10	285,159	333,278	48,119	85.56	88,041	54.66
12/31/09	254,248	296,873	42,625	85.64	89,930	47.40

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$304,942. On a market basis, the funded ratio would be 85.24%.

CITY OF BELVIDERE, ILLINOIS  
 Required Supplementary Information  
 Schedule of Funding Progress  
**Police Pension Trust Fund**  
 April 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
04/30/11	\$ 13,326,936	23,178,574	9,851,638	57.50 %	2,653,724	371.24 %
04/30/10	11,809,698	20,930,524	9,120,826	56.42	2,639,305	345.58
04/30/09	10,246,401	19,120,827	8,874,426	53.59	2,370,392	374.39

CITY OF BELVIDERE, ILLINOIS  
 Required Supplementary Information  
 Schedule of Funding Progress  
**Firefighters' Pension Trust Fund**  
 April 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
04/30/11	\$ 11,209,033	18,872,902	7,663,869	59.39 %	1,789,464	428.28 %
04/30/10	9,994,840	19,081,563	9,086,723	52.38	1,892,482	480.15
04/30/09	8,629,931	17,925,165	9,295,234	48.14	1,795,369	517.73



CITY OF BELVIDERE, ILLINOIS  
 Required Supplementary Information  
 Schedule of Funding Progress  
**Post Employment Benefits Other Than Pension**  
 April 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
04/30/12 \$	-	9,650,214	9,650,214	-	%	-
04/30/09	-	5,425,522	5,425,522	-	-	-

Actuarial study will be performed every three years. The latest actuarial study was performed as of April 30, 2012, as presented above.

CITY OF BELVIDERE, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
April 30, 2012

LEGAL COMPLIANCE AND ACCOUNTABILITY

The City's Finance Director has been assigned the duties of Budget Officer. The budgeting process begins September 1<sup>st</sup> with the Finance Director providing each department head with a working copy of their respective line items in a five year budgeting format. Each department head is then given until November 1<sup>st</sup> to submit their request to the Finance Director, who combines the requests into a workable document for presentation to the Mayor for his review, comments and suggestions. A meeting is then set up with each department head to review these comments and suggestions so that a workable budget can be presented to the City Council. Between January 1 and mid February, the Mayor asks each alderman to set up a time for review, explanation and discussion of the budget as presented. The budget is discussed in total at the February Finance Committee meeting and then presented in ordinance form in March for final review and passage before May 1.

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

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

The City's expenditures exceeded appropriations as follows:

Kishwaukee TIF Fund	\$	14,780
1990 TIF District Fund		17
Capital Projects Fund		<u>214,430</u>
TOTAL	\$	<u><u>229,227</u></u>

CITY OF BELVIDERE, ILLINOIS  
 Combining Balance Sheet  
**Nonmajor Governmental Funds**  
 April 30, 2012

	Special Revenue						Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	90 T.I.F. District Fund	Kishwau- kee T.I.F. Fund	Kishwau- kee T.I.F. #2 Fund	93 T.I.F. District Fund	Farmingt on Fund	
<b>Assets:</b>							
Cash:							
Non-pooled	\$ 241,460	650,100	8,495	9,258	93	31,422	940,828
Property tax receivable	-	303,142	124,104	939	20,782	19,388	468,355
Land held for resale	-	-	439,753	-	-	-	439,753
Due from other governments	49,670	-	-	-	-	-	49,670
Total assets	<u>291,130</u>	<u>953,242</u>	<u>572,352</u>	<u>10,197</u>	<u>20,875</u>	<u>50,810</u>	<u>1,898,606</u>
<b>Liabilities:</b>							
Deferred revenue	-	303,142	124,104	939	20,782	19,388	468,355
Due to other funds	-	-	237,045	-	-	-	237,045
Total liabilities	<u>-</u>	<u>303,142</u>	<u>361,149</u>	<u>939</u>	<u>20,782</u>	<u>19,388</u>	<u>705,400</u>
<b>Fund balances:</b>							
Restricted for:							
Special revenue funds							
by tax levy	291,130	650,100	211,203	9,258	93	31,422	1,193,206
Total fund balance	<u>291,130</u>	<u>650,100</u>	<u>211,203</u>	<u>9,258</u>	<u>93</u>	<u>31,422</u>	<u>1,193,206</u>
<b>Total liabilities and fund balances</b>	<u>\$ 291,130</u>	<u>953,242</u>	<u>572,352</u>	<u>10,197</u>	<u>20,875</u>	<u>50,810</u>	<u>1,898,606</u>

CITY OF BELVIDERE, ILLINOIS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
**Nonmajor Governmental Funds**  
For the Year Ended April 30, 2012

	Special Revenue							Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	90 T.I.F. District Fund	Kishwau- kee T.I.F. Fund	Kishwau- kee #2 Fund	93 T.I.F. District Fund	Farmington Fund		
<b>Revenues:</b>								
Property tax	\$ -	314,084	152,009	7,689	24,145	22,899	520,826	
Intergovernmental	749,886	-	-	-	-	-	749,886	
Interest	1,263	1,762	13	-	2	1	3,041	
Total revenues	<u>751,149</u>	<u>315,846</u>	<u>152,022</u>	<u>7,689</u>	<u>24,147</u>	<u>22,900</u>	<u>1,273,753</u>	
<b>Expenditures:</b>								
Current:								
General government	-	83,110	-	-	-	17,634	100,744	
Highways and streets	894,686	-	-	-	-	-	894,686	
Miscellaneous	-	-	21,096	-	-	-	21,096	
Debt service:								
Interest	-	-	112,630	-	24,145	-	136,775	
Total expenditures	<u>894,686</u>	<u>83,110</u>	<u>133,726</u>	<u>-</u>	<u>24,145</u>	<u>17,634</u>	<u>1,153,301</u>	
<b>Excess of revenues over (under) expenditures</b>	<u>(143,537)</u>	<u>232,736</u>	<u>18,296</u>	<u>7,689</u>	<u>2</u>	<u>5,266</u>	<u>120,452</u>	
<b>Net change in fund balance</b>	<u>(143,537)</u>	<u>232,736</u>	<u>18,296</u>	<u>7,689</u>	<u>2</u>	<u>5,266</u>	<u>120,452</u>	
<b>Fund balances:</b>								
Beginning	434,667	417,364	192,907	1,569	91	26,156	1,072,754	
Ending	<u>\$ 291,130</u>	<u>650,100</u>	<u>211,203</u>	<u>9,258</u>	<u>93</u>	<u>31,422</u>	<u>1,193,206</u>	

CITY OF BELVIDERE, ILLINOIS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
**Motor Fuel Tax Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Intergovernmental	\$ 604,772	748,783	749,886	1,103	717,179
Interest	-	1,210	1,263	53	986
Total revenues	<u>604,772</u>	<u>749,993</u>	<u>751,149</u>	<u>1,156</u>	<u>718,165</u>
<b>Expenditures:</b>					
Current - Public works					
Street maintenance	456,520	784,630	784,630	-	396,967
Miscellaneous	139,880	144,275	110,056	34,219	144,275
Total expenditures	<u>596,400</u>	<u>928,905</u>	<u>894,686</u>	<u>34,219</u>	<u>541,242</u>
<b>Net change in fund balance</b>	<u>8,372</u>	<u>(178,912)</u>	<u>(143,537)</u>	<u>(33,063)</u>	176,923
<b>Fund balance:</b>					
Beginning			<u>434,667</u>		<u>257,744</u>
Ending			<u>\$ 291,130</u>		<u>434,667</u>

CITY OF BELVIDERE, ILLINOIS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
**1990 Tax Incentive Finance District Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property tax	\$ 295,297	314,084	314,084	-	292,283
Interest	630	1,656	1,762	106	1,099
<b>Total revenues</b>	<u>295,927</u>	<u>315,740</u>	<u>315,846</u>	<u>106</u>	<u>293,382</u>
<b>Expenditures:</b>					
Current - General government					
Tax distributions	72,000	53,744	53,744	-	68,850
Contractual services	7,500	7,500	7,500	-	7,500
Miscellaneous	800	21,849	21,866	(17)	7,731
<b>Total expenditures</b>	<u>80,300</u>	<u>83,093</u>	<u>83,110</u>	<u>(17)</u>	<u>84,081</u>
<b>Net change in fund balance</b>	<u>215,627</u>	<u>232,647</u>	232,736	<u>89</u>	209,301
<b>Fund balance:</b>					
Beginning			<u>417,364</u>		<u>208,063</u>
Ending			<u>\$ 650,100</u>		<u>417,364</u>

CITY OF BELVIDERE, ILLINOIS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
**Kishwaukee T.I.F. Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property tax	\$ 240,070	152,009	152,009	-	176,548
Interest	20	13	13	-	31
Miscellaneous	-	-	-	-	-
Total revenues	<u>240,090</u>	<u>152,022</u>	<u>152,022</u>	-	<u>176,579</u>
<b>Expenditures:</b>					
Current - General government					
Other contractual services	-	-	-	-	70
Debt Service: Principal	10,514	-	-	-	-
Debt Service: Interest	213,347	112,630	112,630	-	134,978
Miscellaneous	-	6,316	21,096	(14,780)	6,888
Total expenditures	<u>223,861</u>	<u>118,946</u>	<u>133,726</u>	(14,780)	<u>141,936</u>
<b>Net change in fund balance</b>	<b>\$ <u>16,229</u></b>	<b><u>33,076</u></b>	<b>18,296</b>	<b><u>(14,780)</u></b>	<b>34,643</b>
<b>Fund balance:</b>					
Beginning			<u>192,907</u>		<u>158,264</u>
Ending			<u>\$ 211,203</u>		<u>192,907</u>

CITY OF BELVIDERE, ILLINOIS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
**Kishwaukee T.I.F. Fund #2**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property tax	\$ 485	7,689	7,689	-	1,091
Interest	-	-	-	-	-
Total revenues	<u>485</u>	<u>7,689</u>	<u>7,689</u>	-	<u>1,091</u>
<b>Expenditures:</b>					
Current - General government					
Miscellaneous	-	-	-	-	-
Total expenditures	-	-	-	-	-
<b>Net change in fund balance</b>	<u>485</u>	<u>7,689</u>	7,689	<u>-</u>	1,091
<b>Fund balance:</b>					
Beginning			<u>1,569</u>		<u>478</u>
Ending			<u>\$ 9,258</u>		<u>1,569</u>



CITY OF BELVIDERE, ILLINOIS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
**1993 Tax Incentive Finance District Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property tax	\$ 24,300	24,145	24,145	-	23,616
Interest income	-	2	2	-	4
Total revenues	<u>24,300</u>	<u>24,147</u>	<u>24,147</u>	-	<u>23,620</u>
<b>Expenditures:</b>					
Current - General government					
Interest	<u>24,300</u>	<u>24,145</u>	<u>24,145</u>	-	<u>23,616</u>
Total expenditures	<u>24,300</u>	<u>24,145</u>	<u>24,145</u>	-	<u>23,616</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>2</u>	2	<u>-</u>	4
<b>Fund balance:</b>					
Beginning			<u>91</u>		<u>87</u>
Ending			<u>\$ 93</u>		<u>91</u>

CITY OF BELVIDERE, ILLINOIS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
**Farmington Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property tax	\$ 19,460	22,899	22,899	-	25,741
Interest	-	1	1	-	4
Miscellaneous	-	-	-	-	-
Total revenues	<u>19,460</u>	<u>22,900</u>	<u>22,900</u>	<u>-</u>	<u>25,745</u>
<b>Expenditures:</b>					
Current - General government					
Repairs & maintenance	18,000	18,992	17,634	1,358	12,188
Miscellaneous	1,000	-	-	-	-
Total expenditures	<u>19,000</u>	<u>18,992</u>	<u>17,634</u>	<u>1,358</u>	<u>12,188</u>
<b>Net change in fund balance</b>	<u>460</u>	<u>3,908</u>	5,266	<u>1,358</u>	13,557
<b>Fund balance:</b>					
Beginning			<u>26,156</u>		<u>12,599</u>
Ending			<u>\$ 31,422</u>		<u>26,156</u>

CITY OF BELVIDERE, ILLINOIS  
Combining Statement of Net Assets  
**Pension Trust Funds**  
April 30, 2012

	Pension Trust		Total Pension Trust
	Police Pension	Firefighter's Pension	
<b>Assets:</b>			
Cash:			
Non-pooled	\$ 25,044	38,628	63,672
Investments at fair value:			
Money market mutual funds	119,909	1,523,598	1,643,507
Time deposits	-	643,500	643,500
State and local obligations	724,234	-	724,234
U.S. Gov. and Agency obligations	4,455,174	3,534,298	7,989,472
Corporate bonds	2,067,876	-	2,067,876
Stock equities	851,383	3,213,478	4,064,861
Mutual funds	5,606,455	-	5,606,455
Insurance contracts	397,245	2,344,323	2,741,568
Prepaid expenses	3,685	10,006	13,691
Interest receivable	71,296	16,646	87,942
Total assets	14,322,301	11,324,477	25,646,778
<b>Liabilities:</b>			
Accounts payable	8,878	735	9,613
Total liabilities	8,878	735	9,613
<b>Net Assets:</b>			
Held in trust for pension benefits and other purpose	\$ 14,313,423	11,323,742	25,637,165

CITY OF BELVIDERE, ILLINOIS  
Combining Statement of Changes in Plan Net Assets  
**Pension Trust Funds**  
For the Year Ended April 30, 2012

	<u>Police Pension</u>	<u>Firefighter's Pension</u>	<u>Total</u>
<b>Additions:</b>			
Contributions:			
Employer	\$ 885,875	882,299	1,768,174
Plan member	255,558	164,180	419,738
Total contributions	<u>1,141,433</u>	<u>1,046,479</u>	<u>2,187,912</u>
Investment income			
Interest	395,373	210,022	605,395
Net appreciation in fair value	270,048	(200,818)	69,230
Total investment income	<u>665,421</u>	<u>9,204</u>	<u>674,625</u>
Less investment expense	<u>51,294</u>	<u>52,388</u>	<u>103,682</u>
Net investment income	<u>614,127</u>	<u>(43,184)</u>	<u>570,943</u>
Total additions	<u>1,755,560</u>	<u>1,003,295</u>	<u>2,758,855</u>
<b>Deductions:</b>			
Benefits	720,645	876,160	1,596,805
Refund of contributions	20,198	-	20,198
Administrative expenses	28,231	12,426	40,657
Total deductions	<u>769,074</u>	<u>888,586</u>	<u>1,657,660</u>
<b>Change in net assets</b>	986,486	114,709	1,101,195
<b>Net Assets:</b>			
Beginning	<u>13,326,937</u>	<u>11,209,033</u>	<u>24,535,970</u>
Ending	<u>\$ 14,313,423</u>	<u>11,323,742</u>	<u>25,637,165</u>

CITY OF BELVIDERE, ILLINOIS  
Statement of Changes in Assets and Liabilities  
**Escrow Fund**  
April 30, 2012

<u><b>ASSETS</b></u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Cash				
Non-pooled	\$ 778,092	95,377	16,865	856,604
Investments	-	-	-	-
Due from other funds	-	-	-	-
<b>Total assets</b>	<u>778,092</u>	<u>95,377</u>	<u>16,865</u>	<u>856,604</u>
 <u><b>LIABILITIES</b></u>				
Due to developers	45,278	13,865	16,865	42,278
Due to other districts	732,814	81,512	-	814,326
<b>Total liabilities</b>	<u>\$ 778,092</u>	<u>95,377</u>	<u>16,865</u>	<u>856,604</u>

CITY OF BELVIDERE, ILLINOIS  
Schedule of Revenues - Budget and Actual  
**General Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Taxes:</b>					
Property	\$ 4,524,800	4,554,649	4,554,651	2	4,381,602
Sales & use	2,938,413	3,484,967	3,585,688	100,721	3,268,452
State income	1,882,560	1,772,663	2,167,738	395,075	1,821,072
Hotel/Motel	6,000	4,355	4,435	80	4,408
Auto rental	4,700	4,870	4,870	-	5,339
Telecommunications	600,369	606,279	641,093	34,814	553,536
Utility Tax	1,782,120	1,619,423	1,695,059	75,636	1,733,000
Replacement tax	237,781	285,110	283,755	(1,355)	343,211
Total taxes	<u>11,976,743</u>	<u>12,332,316</u>	<u>12,937,290</u>	<u>604,974</u>	<u>12,110,620</u>
<b>Intergovernmental - grants</b>	-	134,680	214,168	79,488	455,474
<b>Licenses &amp; permits</b>					
Liquor licenses	48,500	126,900	126,900	-	48,500
Business licenses	12,500	14,639	14,689	50	15,050
Building permits	120,000	110,295	115,332	5,037	147,620
Electrical permits	12,000	16,388	17,125	737	19,154
Plumbing permits	10,000	10,387	11,102	715	8,934
HVAC permits	2,500	6,143	6,217	74	4,571
Amusement machine licenses	5,130	5,890	5,890	-	5,530
Other	7,500	9,481	9,830	349	6,658
Total licenses & permits	<u>218,130</u>	<u>300,123</u>	<u>307,085</u>	<u>6,962</u>	<u>256,017</u>
<b>Fines &amp; fees:</b>					
Circuit court fines	301,500	283,703	309,912	26,209	305,537
Parking fines	4,000	13,707	13,707	-	9,120
Engineering fees	20,000	-	-	-	25,466
Electrician certification fees	5,000	4,150	4,900	750	3,850
Plan review fees	8,000	18,369	19,593	1,224	33,091
Sidewalk / lot grading	3,000	1,740	1,800	60	2,305
Franchise fees	212,000	221,787	224,849	3,062	212,103
Death & birth certificates	13,500	13,906	14,414	508	14,186
Accident/Fire reports	5,500	4,565	4,565	-	5,308
Annexation/plat fees	5,000	-	-	-	-
Seized vehicle fees	64,800	62,000	61,800	(200)	40,500
Tipping fees	65,000	67,653	60,083	(7,570)	66,726
Other	5,000	3,865	4,053	188	3,820
Total fines & fees	<u>\$ 712,300</u>	<u>695,445</u>	<u>719,676</u>	<u>24,231</u>	<u>722,012</u>

CITY OF BELVIDERE, ILLINOIS  
Schedule of Revenues - Budget & Actual (Continued)  
**General Fund**

For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Interest</b>	\$ 225,700	239,693	19,283	(220,410)	15,425
<b>Other:</b>					
Reimbursements	296,701	405,451	236,741	(168,710)	668,529
Miscellaneous	467,502	422,181	458,768	36,587	410,752
Total other	<u>764,203</u>	<u>827,632</u>	<u>695,509</u>	<u>(132,123)</u>	<u>1,079,281</u>
<b>Total revenues</b>	<u>\$ 13,897,076</u>	<u>14,529,889</u>	<u>14,893,011</u>	<u>363,122</u>	<u>14,638,829</u>

CITY OF BELVIDERE, ILLINOIS  
Schedule of Expenditures - Budget and Actual  
**General Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>GENERAL GOVERNMENT</b>					
General:					
Employee salaries	\$ 192,623	192,623	192,062	561	227,682
Elected officials' salaries	201,573	201,573	201,573	-	183,525
Health Insurance	393,028	154,430	154,430	-	1,240,051
Dental insurance claims paid	105,000	23,730	23,730	-	93,247
Group life insurance	7,933	4,638	4,638	-	8,184
Unemployment compensation	-	154	(5,201)	5,355	16,032
Meetings & conferences	4,260	3,876	3,876	-	3,014
Office supplies	69,265	53,643	52,488	1,155	39,964
Telephone	13,400	72,707	71,704	1,003	12,692
Communication	4,280	3,472	3,472	-	3,033
Subscriptions/Ed materials	1,500	385	385	-	552
Legal	130,600	13,735	13,301	434	12,946
Other professional fees	2,500	-	-	-	-
Codification	3,000	5,079	5,079	-	8,879
Grant expenses (Ndev)	-	270,183	143,643	126,540	326,272
Repair & maintenance - Buildg.	13,530	10,893	10,893	-	9,800
Repair & maintenance - Equip.	1,700	-	-	-	200
Reimbursements - Seized Vehicle	-	3,000	3,000	-	900
Heritage Days	-	10,043	10,043	-	-
Other supplies	7,000	5,556	4,765	791	5,619
Miscellaneous	51,557	76,477	66,334	10,143	75,927
Total general	<u>1,202,749</u>	<u>1,106,197</u>	<u>960,215</u>	<u>145,982</u>	<u>2,268,519</u>
Auditing:					
Accounting & audit	<u>29,000</u>	<u>28,200</u>	<u>28,200</u>	<u>-</u>	<u>29,200</u>
IMRF:					
IMRF	<u>240,498</u>	<u>240,498</u>	<u>212,282</u>	<u>28,216</u>	<u>274,572</u>
Social security:					
FICA	217,884	217,884	84,152	133,732	132,785
Medicare	93,895	100,511	100,687	(176)	104,942
Total social security	<u>311,779</u>	<u>318,395</u>	<u>184,840</u>	<u>133,555</u>	<u>237,727</u>
Tort Liability Insurance:					
Liability Insurance	<u>638,200</u>	<u>626,788</u>	<u>388,995</u>	<u>237,793</u>	<u>353,962</u>
<b>Total general government</b>	<u>\$ 2,422,226</u>	<u>2,320,078</u>	<u>1,774,532</u>	<u>545,546</u>	<u>3,163,980</u>



CITY OF BELVIDERE, ILLINOIS  
Schedule of Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b><u>PUBLIC SAFETY</u></b>					
Police Department:					
Salaries	\$ 2,813,088	2,782,852	2,791,580	(8,728)	2,167,193
Overtime	336,170	318,230	318,230	-	330,891
Health insurance	730,259	552,877	552,877	-	-
Dental insurance	-	33,784	33,661	123	-
Police pension	818,379	821,430	821,430	-	361,055
Unemployment insurance	-	4,218	(4,046)	8,264	17,974
Uniform allowance	45,093	47,197	47,197	-	36,019
Training	48,520	31,256	31,256	-	28,676
Repairs & maintenance - vehicles	136,321	111,101	104,312	6,789	131,976
Telephone	19,000	16,986	15,646	1,340	16,920
Physical exams	3,940	260	260	-	175
Community policing	-	8,179	8,038	141	12,720
K-9 expense	4,100	4,046	4,046	-	2,221
Auxiliary costs	-	-	-	-	102
Office supplies	6,000	5,276	5,276	-	5,213
Gas & oil	135,890	124,410	136,851	(12,441)	108,060
Supplies	28,615	24,901	23,181	1,720	21,969
Equipment	9,975	12,886	24,886	(12,000)	14,890
Vehicles	-	-	3,982	(3,982)	-
Miscellaneous	34,650	42,184	42,184	-	23,185
Total police department	<u>5,170,000</u>	<u>4,942,073</u>	<u>4,960,846</u>	<u>(18,773)</u>	<u>3,279,239</u>
Public safety building:					
Salaries	522,391	474,824	457,606	17,218	467,216
Other contractual services	94,965	158,375	158,888	(513)	157,666
Total public safety building	<u>617,356</u>	<u>633,199</u>	<u>616,494</u>	<u>16,705</u>	<u>624,882</u>
Fire department:					
Salaries	1,830,256	1,801,209	1,808,034	(6,825)	1,452,912
Overtime	113,680	165,048	165,046	2	87,158
Health insurance	428,154	392,933	392,933	-	-
Dental insurance	-	22,349	22,349	-	-
Fire pension	822,963	817,854	817,854	-	361,055
Unemployment insurance	-	14,926	14,926	-	-
Uniform allowance	21,600	18,270	18,270	-	13,558
Training	15,000	13,779	13,779	-	8,919
Repair & maintenance - building	10,000	16,769	16,444	325	18,854
Repair & maintenance - vehicles	40,575	46,340	32,854	13,486	44,916
Telephone	9,800	8,751	9,951	(1,200)	8,216
Physical exams	2,500	829	829	-	1,416
Fire prevention	-	1,831	1,831	-	1,215
Office supplies	10,000	16,012	16,012	-	9,667
Gas & oil	17,500	18,457	20,350	(1,893)	15,814
Supplies	4,500	7,701	7,695	6	7,759
Equipment	12,500	18,091	18,091	-	27,300
Miscellaneous	1,000	782	782	-	-
Total fire department	<u>\$ 3,340,028</u>	<u>3,381,931</u>	<u>3,378,029</u>	<u>3,902</u>	<u>2,058,759</u>

CITY OF BELVIDERE, ILLINOIS  
Schedule of Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Police &amp; fire commissions:</b>					
Physical exams	\$ 1,200	395	395	-	-
Other contractual services	2,475	24,923	24,923	-	3,630
<b>Total police &amp; fire commissions</b>	<b>3,675</b>	<b>25,318</b>	<b>25,318</b>	<b>-</b>	<b>3,630</b>
<b>Building department:</b>					
Salaries	93,468	93,130	93,648	(518)	26,768
Other personnel costs	17,134	17,752	17,752	-	19,333
Health insurance	37,785	30,337	30,337	-	33,200
Dental insurance	-	1,933	1,933	-	-
Unemployment insurance	-	-	(1,415)	1,415	8,305
Training	1,850	1,151	1,151	-	653
Repairs & maintenance - equipment	2,000	1,125	1,125	-	548
Other professional services	30,500	44,570	30,192	14,378	208,745
Telephone	300	159	159	-	1,386
Postage	650	285	285	-	408
Printing & publishing	1,500	435	435	-	359
Other contractual services	300	-	-	-	-
Office supplies	3,460	3,077	3,077	-	2,513
Gas & oil	2,000	1,399	1,529	(130)	1,320
Miscellaneous	1,000	203	203	-	514
<b>Total building department</b>	<b>191,947</b>	<b>195,556</b>	<b>180,411</b>	<b>15,145</b>	<b>304,052</b>
<b>Civil defense:</b>					
Miscellaneous	6,150	1,268	1,268	-	10,343
<b>Total public safety</b>	<b>9,329,156</b>	<b>9,179,345</b>	<b>9,162,366</b>	<b>16,979</b>	<b>6,280,905</b>
<b><u>PUBLIC WORKS</u></b>					
<b>Street department:</b>					
Salaries	531,707	532,174	533,275	(1,101)	-
Overtime	43,250	24,770	22,770	2,000	-
Health insurance	141,315	154,871	142,283	12,589	-
Uniform allowance	14,500	13,678	13,678	-	16,008
Training	3,000	3,650	3,650	-	890
Repairs & maintenance - storm drain	24,720	17,590	17,590	-	23,238
Repairs & maintenance - parking lot	88,200	56,127	56,127	-	82,390
Repairs & maintenance - sidewalk	40,000	38,185	38,185	-	28,167
Repairs & maintenance - building	17,000	11,297	11,298	(1)	8,316
Repairs & maintenance - equipment	87,520	95,730	95,730	-	67,502
Repairs & maintenance - traffic lights	15,460	13,484	16,592	(3,108)	29,619
Repairs & maintenance - streets	-	-	-	-	-
Telephone	8,580	3,489	3,490	(1)	9,538
Leaf cleanup	\$ 14,880	13,418	13,418	-	762

CITY OF BELVIDERE, ILLINOIS  
Schedule of Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
Street department (continued):					
Office supplies	\$ 6,210	4,442	4,442	-	3,837
Gas & oil	63,100	82,210	88,428	(6,218)	73,854
Supplies	14,900	10,797	10,797	-	6,700
Equipment	7,500	14,650	14,650	-	-
Miscellaneous	2,070	2,160	2,160	1	39,521
Total street department	<u>1,123,912</u>	<u>1,092,722</u>	<u>1,088,561</u>	<u>4,161</u>	<u>390,342</u>
Street lighting:					
Repairs & maintenance - street lights	10,000	7,863	7,863	-	12,850
Electricity	273,500	253,670	230,302	23,368	271,616
Total street lighting	<u>283,500</u>	<u>261,533</u>	<u>238,165</u>	<u>23,368</u>	<u>284,466</u>
Garbage:					
Miscellaneous	47,000	47,196	46,408	788	32,767
Forestry:					
Repairs & maintenance	6,000	-	-	-	-
Tree removal/purchase	40,000	36,601	36,601	-	33,552
Miscellaneous	1,000	-	-	-	451
Total forestry	<u>47,000</u>	<u>36,601</u>	<u>36,601</u>	<u>-</u>	<u>34,003</u>
City engineering:					
Repairs & maintenance - vehicles	700	-	-	-	293
Engineering	20,000	22,096	22,096	-	16,669
Subdivision expense	20,000	1,607	1,608	(1)	28,298
Office supplies	7,450	3,905	3,905	-	4,721
Gas & oil	2,200	158	158	-	1,713
Total city engineering	<u>50,350</u>	<u>27,766</u>	<u>27,767</u>	<u>(1)</u>	<u>51,694</u>
<b>Total public works</b>	<u>1,551,762</u>	<u>1,465,818</u>	<u>1,437,502</u>	<u>28,316</u>	<u>793,272</u>
<b><u>HEALTH &amp; SOCIAL SERVICES</u></b>					
Health regulations & Inspections:					
Council on aging	23,000	23,000	23,000	-	20,000
Demolitions	5,000	-	-	-	-
<b>Total health &amp; social services</b>	<u>\$ 28,000</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>	<u>20,000</u>

CITY OF BELVIDERE, ILLINOIS  
Schedule of Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b><u>COMMUNITY &amp; ECONOMIC DEVELOPMENT</u></b>					
Community & economic development:					
Planning Dept. services	\$ 107,555	51,374	51,374	-	105,012
Economic development	62,500	62,000	62,000	-	72,000
Sales tax reimbursement	-	-	46,163	(46,163)	47,597
Tourism	2,000	5,500	5,500	-	1,000
Historic preservation	2,325	1,178	1,178	-	373
<b>Total community &amp; economic development</b>	<u>174,380</u>	<u>120,052</u>	<u>166,215</u>	<u>(46,163)</u>	<u>225,982</u>
<b><u>CAPITAL PROJECTS</u></b>					
Salaries	-	-	-	-	1,823,896
Bel-Bo Mobile Home Park	-	-	-	-	226,638
Building and improvements	-	-	-	-	80,000
Columbia Avenue	-	-	-	-	611,195
LAPP Project Newburg & Fairgrounds	-	-	-	-	2,486
Future projects	-	-	-	-	-
<b>Total capital projects</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,744,215</u>
<b>Total expenditures</b>	<u>\$ 13,505,524</u>	<u>13,108,293</u>	<u>12,563,615</u>	<u>544,678</u>	<u>13,228,354</u>

CITY OF BELVIDERE, ILLINOIS  
Schedule of Revenues, Expenditures,  
and Changes in Fund Balance - Budget and Actual  
**IDA Library Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property tax	\$ 642,000	642,000	631,320	(10,680)	597,571
Intergovernmental:					
Replacement tax	40,000	40,000	39,225	(775)	39,345
Grants	20,000	20,000	25,831	5,831	24,029
Charges of services	34,000	34,000	30,189	(3,811)	27,136
Interest	-	-	7,152	7,152	11,401
Contributions	-	-	50,633	50,633	37,244
Realized gain (loss) on investments	-	-	15,471	15,471	17,816
Other	80,300	80,300	20,460	(59,840)	50,324
Total revenues	<u>816,300</u>	<u>816,300</u>	<u>820,281</u>	<u>3,981</u>	<u>804,866</u>
<b>Expenditures:</b>					
Salaries	494,000	494,000	313,760	180,240	385,248
IMRF	-	-	59,518	(59,518)	-
Training	-	-	735	(735)	1,010
Health insurance	-	-	35,235	(35,235)	41,953
Books & periodicals	131,500	131,500	74,660	56,840	82,973
Utilities	13,600	13,600	9,747	3,853	10,871
Equipment rentals	10,000	10,000	6,122	3,878	8,309
Consulting	-	-	5,166	(5,166)	13,136
Supplies	17,000	17,000	16,400	600	21,511
Insurance	14,000	14,000	12,364	1,636	14,248
Repairs & maintenance	48,200	48,200	56,164	(7,964)	53,053
Computer equipment	81,000	81,000	46,663	34,337	32,349
Audio/Visual	-	-	16,196	(16,196)	14,254
On-line charges	-	-	39,566	(39,566)	44,039
Capital outlay	-	-	21,452	(21,452)	59,380
Debt - principal	-	-	6,204	(6,204)	1,434
Debt - interest	-	-	13,819	(13,819)	1,903
Miscellaneous	7,000	7,000	9,471	(2,471)	17,711
Total expenditures	<u>816,300</u>	<u>816,300</u>	<u>743,242</u>	<u>73,058</u>	<u>803,382</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>-</u>	77,039	<u>77,039</u>	1,484
<b>Fund balance:</b>					
Beginning			404,071		419,516
Prior Period Adjustment			-		<u>(16,929)</u>
Ending			<u>\$ 481,110</u>		<u>404,071</u>

CITY OF BELVIDERE, ILLINOIS  
Schedule of Revenues, Expenses,  
and Changes in Fund Balance - Budget and Actual  
**Water & Sewer Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Operating revenues:</b>					
Charges for services:					
Water:					
Customer charges	\$ 2,261,072	2,285,018	2,205,585	(79,433)	2,264,998
Connection fees	20,000	31,792	35,542	3,750	75,650
Meter sales	93,574	95,034	95,012	(22)	96,216
Total water	<u>2,374,646</u>	<u>2,411,844</u>	<u>2,336,139</u>	<u>(75,705)</u>	<u>2,436,864</u>
Sewer:					
Customer charges	3,056,642	3,471,703	3,527,171	55,468	3,360,677
Connection fees	24,000	47,092	47,092	-	104,715
Meter sales	93,574	93,318	93,318	-	95,058
Total sewer	<u>3,174,216</u>	<u>3,612,113</u>	<u>3,667,581</u>	<u>55,468</u>	<u>3,560,450</u>
Total charges for services	<u>5,548,862</u>	<u>6,023,957</u>	<u>6,003,720</u>	<u>(20,237)</u>	<u>5,997,314</u>
Deposits on connections	40,100	855	5,526	4,671	46,751
Other	37,200	(57,056)	47,136	104,192	155,762
Total operating revenues	<u>5,626,162</u>	<u>5,967,756</u>	<u>6,056,382</u>	<u>88,626</u>	<u>6,199,827</u>
<b>Operating expenses:</b>					
Operations:					
Water	1,688,851	1,684,068	1,556,484	127,584	1,522,221
Sewer	5,275,588	1,752,845	1,691,525	61,320	1,831,693
Collection system	380,095	362,757	359,712	3,045	393,384
Depreciation	654,169	654,169	1,157,858	(503,689)	1,292,469
Total operating expenses	<u>7,998,703</u>	<u>4,453,839</u>	<u>4,765,579</u>	<u>(311,740)</u>	<u>5,039,767</u>
<b>Net operating income (loss)</b>	<u>(2,372,541)</u>	<u>1,513,917</u>	<u>1,290,803</u>	<u>223,114</u>	<u>1,160,060</u>
Nonoperating revenue (expense):					
Interest on investments	39,000	35,683	45,167	9,484	54,672
Amortization on bond premium/discount	-	-	8,786	8,786	10,345
Bond payment	(825,000)	(932,731)	-	932,731	-
Bond payment set aside	-	-	-	-	-
Intergovernmental Revenue	2,291,690	2,137,127	721,485	(1,415,642)	-
Fiscal charges	(1,500)	(1,050)	(1,050)	-	(1,050)
Interest expense	(225,060)	(240,619)	(227,504)	13,115	(276,967)
Total nonoperating revenue (expense)	<u>1,279,130</u>	<u>998,410</u>	<u>546,884</u>	<u>(451,526)</u>	<u>(213,000)</u>
Net Income before contributions & transfers	<u>(1,093,411)</u>	<u>2,512,327</u>	<u>1,837,687</u>	<u>(674,640)</u>	<u>947,060</u>
Capital contributions	-	-	-	-	1,025,470
Transfers in (out)	<u>3,642,220</u>	<u>138,720</u>	<u>138,720</u>	<u>-</u>	<u>138,720</u>
Change in net assets	<u>\$ 2,548,809</u>	<u>2,651,047</u>	<u>1,976,407</u>	<u>(674,640)</u>	<u>2,111,250</u>
<b>Net assets:</b>					
Beginning			<u>38,323,981</u>		<u>36,212,731</u>
Ending			<u>\$ 40,300,388</u>		<u>38,323,981</u>

CITY OF BELVIDERE, ILLINOIS  
Schedule of Operating Expenses - Budget and Actual  
**Water & Sewer Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b><u>WATER</u></b>					
Salaries	\$ 461,634	466,012	476,270	(10,258)	440,631
Overtime	43,000	25,818	25,222	596	35,697
IMRF	95,434	99,938	96,561	3,377	84,326
Group Health Insurance	157,567	182,003	169,278	12,725	113,095
Uniform Allowance	7,465	6,429	6,429	-	10,403
Repairs & maintenance:					
Infrastructure	27,795	12,765	13,393	(628)	33,353
Equipment	17,750	37,724	35,222	2,502	25,973
Building	3,700	3,651	3,652	(1)	4,244
Vehicles	12,200	20,220	20,220	-	16,571
Contractual	95,000	82,684	69,240	13,444	111,566
Other professional services	11,000	30,827	30,827	-	6,278
Telephone	13,000	13,055	12,462	593	12,189
Postage	24,525	14,251	14,995	(744)	13,306
Utilities	249,390	233,760	236,250	(2,490)	266,500
Liability insurance	101,120	99,609	94,760	4,849	79,342
Equipment rentals	24,526	18,518	18,009	509	16,896
Lab expense	32,225	32,326	32,326	-	15,145
Office supplies	9,355	11,346	11,346	-	11,766
Gas & oil	17,990	21,705	21,705	-	18,381
Supplies	61,145	45,699	45,700	(1)	65,021
Chemicals	87,900	85,560	86,927	(1,367)	82,447
Equipment	103,500	103,901	7,401	96,500	-
Meters	24,830	27,115	21,008	6,107	17,505
Bad Debt Expense	-	3,677	3,677	-	29,662
Miscellaneous	6,800	5,475	3,604	1,871	11,924
Total water	1,688,851	1,684,068	1,556,484	127,584	1,522,221
<b><u>SEWER</u></b>					
Salaries	575,639	573,835	566,430	7,405	570,356
Overtime	45,000	51,958	52,332	(374)	59,374
IMRF	118,801	110,850	107,447	3,403	101,773
Group Health Insurance	167,893	183,091	169,826	13,265	123,958
Uniform Allowance	12,760	15,833	15,280	553	16,360
Repairs & maintenance:					
Infrastructure	-	-	66	(66)	(7,247)
Equipment	-	318	318	-	4,730
Lift station	44,310	8,824	8,824	-	12,698
Building	3,505,000	93,304	91,355	1,949	81,319
Vehicles	26,000	23,164	22,549	615	23,985
Contractual	\$ -	6,890	6,890	-	4,623

CITY OF BELVIDERE, ILLINOIS  
Schedule of Operating Expenses - Budget and Actual  
**Water & Sewer Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b><u>SEWER (continued)</u></b>					
Consulting	-	-	-	-	-
Other professional services	52,675	38,498	38,498	-	36,649
Office equipment rental	11,385	1,485	1,485	-	5,554
Telephone	21,400	11,896	11,083	813	13,168
Travel	-	-	-	-	300
Postage	14,500	11,795	12,539	(744)	11,361
Utilities	270,000	272,655	254,523	18,132	380,985
Liability insurance	120,080	158,529	152,770	5,759	94,898
Sludge disposal	9,440	9,728	9,428	300	7,144
Lab expense	58,000	53,816	50,245	3,571	73,735
Operating supplies	11,940	7,221	5,491	1,730	10,677
Office supplies	8,500	6,455	6,455	-	7,226
Gas & oil	27,000	31,039	39,879	(8,840)	13,201
Chemicals	105,000	69,529	55,680	13,849	100,105
Equipment	45,000	401	401	-	-
Meters	20,500	6,820	6,820	-	18,957
Bad Debt Expense	-	4,458	4,458	-	65,018
Miscellaneous	4,765	453	453	-	786
Total sewer	<u>5,275,588</u>	<u>1,752,845</u>	<u>1,691,525</u>	<u>61,320</u>	<u>1,831,693</u>
 <b><u>COLLECTION SYSTEM</u></b>					
Salaries	176,717	178,254	179,955	(1,701)	200,215
Overtime	26,500	22,075	23,559	(1,484)	28,613
IMRF	40,935	43,516	42,364	1,152	42,629
Health Insurance	44,901	62,145	58,304	3,841	47,735
Uniform Allowance	3,525	4,005	4,005	-	6,093
Repair & maintenance:					
Infrastructure	31,340	12,204	10,967	1,237	28,328
Equipment	8,000	952	952	-	7,535
Vehicles	10,000	7,831	7,831	-	5,555
Office equipment rental	14,247	12,825	12,825	-	12,698
Gas & oil	5,000	11,681	11,681	-	7,159
Operating supplies	18,000	6,814	6,814	-	6,824
Miscellaneous	930	455	455	-	-
Total collection system	<u>380,095</u>	<u>362,757</u>	<u>359,712</u>	<u>3,045</u>	<u>393,384</u>
<b>Total operating expenses</b>	<b>\$ <u>7,344,534</u></b>	<b><u>3,799,670</u></b>	<b><u>3,607,721</u></b>	<b><u>191,949</u></b>	<b><u>3,747,298</u></b>



CITY OF BELVIDERE, ILLINOIS  
Schedule of Changes in Fiduciary  
Net Assets - Budget and Actual  
**Police Pension Trust Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Additions:</b>					
Contributions:					
Employer	\$ 921,820	885,875	885,875	-	428,075
Plan member	280,000	280,000	255,558	(24,442)	254,527
Total contributions	<u>1,201,820</u>	<u>1,165,875</u>	<u>1,141,433</u>	<u>(24,442)</u>	<u>682,602</u>
Investment income					
Interest	850,000	850,000	395,373	(454,627)	330,551
Net appreciation in fair value	-	-	270,048	270,048	915,474
Total investment income	<u>850,000</u>	<u>850,000</u>	<u>665,421</u>	<u>(184,579)</u>	<u>1,246,025</u>
Less investment expenses	-	-	51,294	(51,294)	46,737
Net investment income	<u>850,000</u>	<u>850,000</u>	<u>614,127</u>	<u>(235,873)</u>	<u>1,199,288</u>
Total additions	<u>2,051,820</u>	<u>2,015,875</u>	<u>1,755,560</u>	<u>(260,315)</u>	<u>1,881,890</u>
<b>Deductions:</b>					
Benefits	710,000	710,000	720,645	(10,645)	708,322
Refund of contributions	-	-	20,198	(20,198)	-
Administrative expenses	65,000	65,000	28,231	36,769	19,642
Total deductions	<u>775,000</u>	<u>775,000</u>	<u>769,074</u>	<u>5,926</u>	<u>727,964</u>
<b>Net change in fund balance</b>	<u>1,276,820</u>	<u>1,240,875</u>	986,486	<u>(254,389)</u>	1,153,926
<b>Net Assets</b>					
Beginning			<u>13,326,937</u>		<u>12,173,011</u>
Ending			\$ <u>14,313,423</u>		<u>13,326,937</u>

CITY OF BELVIDERE, ILLINOIS  
Schedule of Changes in Fiduciary  
Net Assets - Budget and Actual  
**Firefighter's Pension Trust Fund**  
For the Year Ended April 30, 2012  
With Comparative Totals for April 30, 2011

	2012			Variance Positive (Negative)	2011
	Original Budget	Final Budget	Actual		Actual
<b>Additions:</b>					
Contributions:					
Employer	\$ 921,820	882,299	882,299	-	425,700
Plan member	200,000	200,000	164,180	(35,820)	166,858
Total contributions	<u>1,121,820</u>	<u>1,082,299</u>	<u>1,046,479</u>	<u>(35,820)</u>	<u>592,558</u>
Investment income					
Interest	850,000	850,000	210,022	(639,978)	223,550
Net appreciation in fair value	-	-	(200,818)	(200,818)	1,116,737
Total investment income	<u>850,000</u>	<u>850,000</u>	<u>9,204</u>	<u>(840,796)</u>	<u>1,340,287</u>
Less investment expenses	-	-	52,388	(52,388)	50,100
Net investment income	<u>850,000</u>	<u>850,000</u>	<u>(43,184)</u>	<u>(893,184)</u>	<u>1,290,187</u>
Total additions	<u>1,971,820</u>	<u>1,932,299</u>	<u>1,003,295</u>	<u>(929,004)</u>	<u>1,882,745</u>
<b>Deductions:</b>					
Benefits	820,000	820,000	876,160	(56,160)	870,562
Refund of contributions	-	-	-	-	-
Administrative expenses	<u>85,000</u>	<u>85,000</u>	<u>12,426</u>	<u>72,574</u>	<u>13,916</u>
Total deductions	<u>905,000</u>	<u>905,000</u>	<u>888,586</u>	<u>16,414</u>	<u>884,478</u>
<b>Net change in fund balance</b>	<u><u>1,066,820</u></u>	<u><u>1,027,299</u></u>	<u>114,709</u>	<u><u>(912,590)</u></u>	<u>998,267</u>
<b>Net Assets</b>					
Beginning			<u>11,209,033</u>		<u>10,210,766</u>
Ending			<u>\$ 11,323,742</u>		<u>11,209,033</u>

CITY OF BELVIDERE, ILLINOIS  
Assessed Valuations, Tax Rates and Extensions  
April 30, 2012

	2011		2010		2009	
	Tax Rates	Tax Extensions	Tax Rates	Tax Extensions	Tax Rates	Tax Extensions
Assessed Valuations:						
City		\$ 352,948,663		\$ 395,816,101		\$ 447,767,822
Library		352,762,603		390,788,864		447,767,822
City:						
Corporate	0.43750 %	1,544,150	0.43485 %	1,721,206	0.37899 %	1,696,995
IMRF	0.01700	60,001	0.01520	60,164	0.03400	152,241
Fire Protection	0.00142	5,012	0.00030	1,187	0.06561	293,780
Fire Pension	0.23551	831,229	0.20590	814,985	0.08348	373,797
Police Protection	0.00142	5,012	0.00030	1,187	0.06561	293,780
Police Pension	0.23403	826,006	0.20680	818,548	0.08348	373,797
Garbage	0.00425	15,001	0.00130	5,147	0.00222	9,941
Audit	0.00425	15,000	0.00380	15,041	0.00577	25,836
Street Lighting	0.05000	176,474	0.05000	197,908	0.04655	208,436
Public Benefit	0.01134	40,024	0.01010	39,977	0.00000	-
Civil Defense	0.00193	6,812	0.00170	6,729	0.00149	6,672
Social Security	0.05381	189,922	0.04550	180,096	0.05209	233,242
Forestry	0.01134	40,024	0.01010	39,977	0.01330	59,553
Special Road and Bridge	0.01559	55,025	0.01390	55,018	0.01441	64,523
Tort Judgment/ Liability Insurance	0.06517	230,017	0.05050	199,887	0.07093	317,602
Unemployment Insurance	0.00000	-	0.00000	-	0.00000	-
Insurance	0.02267	80,013	0.02020	79,955	0.01840	82,389
Total	1.16723	4,119,723	1.07045	4,237,013	0.93633	4,192,584
Library:						
Library Corporate	0.18200	642,028	0.16019	626,005	0.13886	621,770
Library Bond and Interest	-	-	-	-	-	-
Total	0.18200	642,028	0.16019	626,005	0.13886	621,770

CITY OF BELVIDERE, ILLINOIS  
**Property Tax Levies and Collections**  
 April 30, 2012

<u>Levy Year</u>	<u>Tax Levy Extension</u>	<u>(1) Collections</u>	<u>Collected During Fiscal Year</u>
2000	\$ 2,593,040	2,612,968	100.77
2001	2,640,606	2,643,673	100.12
2002	2,884,978	2,751,891	95.39
2003	2,694,749	2,711,210	100.61
2004	2,897,585	2,923,726	100.90
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	4,594,768 (2)	111.53

(1) 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.

(2) Represents collections during the year ending April 30, 2012.

CITY OF BELVIDERE, ILLINOIS  
**Schedule of Computation of Legal Debt Margin**  
 April 30, 2012

	2011	2010	2009
Total equalized value	\$ <u>352,948,663</u>	<u>395,816,101</u>	<u>447,767,822</u>
Statutory debt limit - 8.625% of total equalized value	30,441,822	34,139,139	38,619,975
Amount of debt applicable to debt limit:			
General obligation debt certificates	<u>770,982</u>	<u>810,982</u>	<u>850,210</u>
	<u>770,982</u>	<u>810,982</u>	<u>850,210</u>
Legal debt margin	\$ <u>29,670,840</u>	<u>33,328,157</u>	<u>37,769,765</u>