

CITY OF BELVIDERE, ILLINOIS



**ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2013**

CITY OF BELVIDERE, ILLINOIS

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INTRODUCTORY SECTION

CITY OF BELVIDERE, ILLINOIS

List of Principal Officials April 30, 2013

ELECTED OFFICIALS

Mayor: Fredric C. Brereton

City Clerk: Shauna Arco

Treasurer: Joanne Riley

Ward 1:	Clinton Morris, Alderman
Ward 1:	Clayton Stevens, Alderman
Ward 2:	Robert Bowley, Alderman
Ward 2:	Daniel Snow, Alderman
Ward 3:	Mike Chamberlain, Alderman
Ward 3:	Karen Schrader, Alderman
Ward 4:	Ronald Brooks, Alderman
Ward 4:	George Crawford, Alderman
Ward 5:	John Sanders, Alderman
Ward 5:	Mark Sanderson, Alderman

ADMINISTRATIVE

Police Chief:	Jan Noble
Fire Chief:	David Worrell
Finance Director:	Pat Chamberlin
Public Works Director:	Brent Anderson
Building Director:	Lesa Morelock
City Attorney:	Mike Drella

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the City's independent auditing firm.

INDEPENDENT AUDITORS' REPORT

July 26, 2013

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois, as of and for the year ended April 30, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements. We did not audit the financial statements of the Police Pension Trust Fund or the Firefighters' Pension Trust Fund, which are reported as pension trust funds of the City of Belvidere, Illinois. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Pension Fund and the Firefighters' Pension Fund is based on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 introductory section, combining and individual fund financial statements and schedules, and supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and supplementary schedules 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 by us and the other auditors 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, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

NAME OF GOVERNMENT, ILLINOIS

Management's Discussion and Analysis April 30, 2013

Our discussion and analysis of the City of Belvidere's financial performance provides an overview of the City's financial activities for the fiscal year ended April 30, 2013. Please read it in conjunction with the City's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The City of Belvidere's net position increased as a result of this year's operations. While net position of business-type activities increased by \$3,354,837, or 8.3 percent, net position of the governmental activities decreased by \$3,155,363, or nearly 9.6 percent.
- During the year, government-wide revenues before transfers for the primary government totaled \$28,456,623, while expenses totaled \$22,855,083, resulting in an increase to net position of \$5,601,540.
- The City's net position totaled \$73,279,392 on April 30, 2013, which includes \$56,708,522 net investment in capital assets, \$4,649,047 subject to external restrictions, and \$11,921,823 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$1,001,855, resulting in ending fund balance of \$8,772,064, an increase of 12.9 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 6) provide information about the activities of the City of Belvidere as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City of Belvidere's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 6 of this report.

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

NAME OF GOVERNMENT, ILLINOIS

Management's Discussion and Analysis April 30, 2013

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

NAME OF GOVERNMENT, ILLINOIS

Management's Discussion and Analysis

April 30, 2013

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 61 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's I.M.R.F., SLEP, police and fire employee pension obligations and budgetary comparison schedule for the General Fund. Required supplementary information can be found on pages 62 - 67 of this report.

NAME OF GOVERNMENT, ILLINOIS

**Management's Discussion and Analysis
April 30, 2013**

USING THIS ANNUAL REPORT – Continued

Other Information – Continued

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 68 - 96 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City of Belvidere, assets/deferred outflows exceeded liabilities/deferred inflows by \$73,279,392.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current/Other Assets/Deferred Outflows	\$ 15,060,198	14,340,417	13,308,972	11,810,370	28,369,170	26,150,787
Capital Assets	29,929,898	28,967,539	36,377,737	35,294,587	66,307,635	64,262,126
Total Assets	44,990,096	43,307,956	49,686,709	47,104,957	94,676,805	90,412,913
Long-Term Debt	8,999,512	5,541,954	4,912,098	4,199,504	13,911,610	9,741,458
Other Liabilities/Deferred Inflows	6,366,417	4,986,472	1,119,386	2,605,065	7,485,803	7,591,537
Total Liabilities	15,365,929	10,528,426	6,031,484	6,804,569	21,397,413	17,332,995
Net Position						
Net Investment in Capital Assets	26,141,105	26,770,855	30,567,417	30,546,281	56,708,522	57,317,136
Restricted	641,827	-	4,007,220	3,666,691	4,649,047	3,666,691
Unrestricted (Deficit)	2,841,235	6,008,675	9,080,588	6,087,416	11,921,823	12,096,091
Total Net Position	29,624,167	32,779,530	43,655,225	40,300,388	73,279,392	73,079,918

A large portion of the City's net position, \$56,708,522 or 77.4 percent, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$4,649,047 or 6.3 percent, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining 16.3 percent, or \$11,921,823, represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors. At year-end, the City is able to report positive balances in all categories of net position for both the governmental and the business-type activities, and was able to do so in the prior fiscal year as well.

NAME OF GOVERNMENT, ILLINOIS

**Management's Discussion and Analysis
April 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
2013	2012	2013	2012	2013	2012	
Revenues						
Program Revenues						
Charges for Services	\$ 1,100,023	1,730,295	6,231,289	6,009,246	7,331,312	7,739,541
Operating Grants/Contrib.	-	74,116	-	-	-	74,116
Capital Grants/Contrib.	3,680,304	496,621	2,074,774	721,485	5,755,078	1,218,106
General Revenues						
Property Taxes	4,909,809	5,115,592	-	-	4,909,809	5,115,592
Utility Taxes	2,186,708	2,077,676	-	-	2,186,708	2,077,676
Replacement Taxes	422,887	283,756	-	-	422,887	283,756
Other Taxes	181,565	286,289	-	-	181,565	286,289
Sales and Use Taxes	3,612,765	4,386,589	-	-	3,612,765	4,386,589
Income Taxes	2,420,836	2,167,738	-	-	2,420,836	2,167,738
Other General Revenues	1,460,337	55,129	175,326	92,303	1,635,663	147,432
Total Revenues	19,975,234	16,673,801	8,481,389	6,823,034	28,456,623	23,496,835
Expenses						
General Government	3,372,938	3,870,787	-	-	3,372,938	3,870,787
Public Safety	9,868,096	9,216,874	-	-	9,868,096	9,216,874
Highways and Streets	3,765,851	2,233,085	-	-	3,765,851	2,233,085
Health and Social Services	23,000	23,000	-	-	23,000	23,000
Community/Economic Devel.	202,636	166,215	-	-	202,636	166,215
Interest on Long-Term Debt	354,014	148,231	-	-	354,014	148,231
Water and Sewer	-	-	5,268,548	4,985,347	5,268,548	4,985,347
Total Expenses	17,586,535	15,658,192	5,268,548	4,985,347	22,855,083	20,643,539
Change in Net Position						
Before Transfers	2,388,699	1,015,609	3,212,841	1,837,687	5,601,540	2,853,296
Transfers	(141,996)	(138,720)	141,996	138,720	-	-
Change in Net Position	2,246,703	876,889	3,354,837	1,976,407	5,601,540	2,853,296
Net Position - Beginning as Restated	27,377,464	31,902,641	40,300,388	38,323,981	67,677,852	70,226,622
Net Position - Ending	29,624,167	32,779,530	43,655,225	40,300,388	73,279,392	73,079,918

NAME OF GOVERNMENT, ILLINOIS

**Management's Discussion and Analysis
April 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

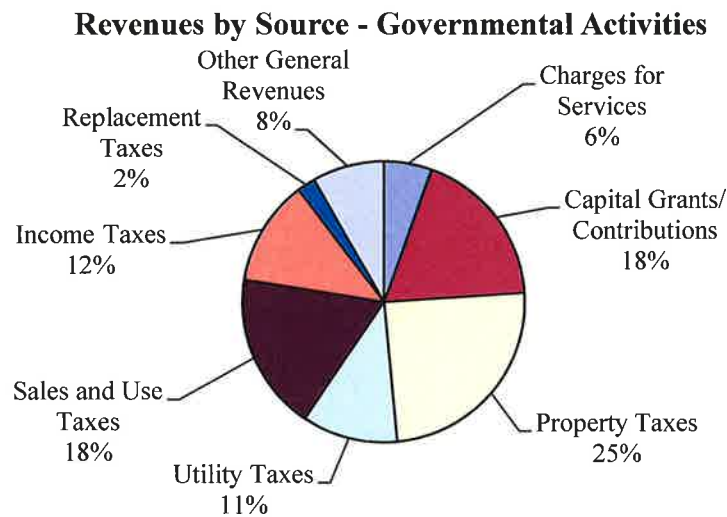
Net position of the City of Belvidere's governmental activities decreased by 9.6 percent (\$29,624,167 in 2013 compared to \$32,779,530 in 2012). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$2,841,235 at April 30, 2013.

Net position of the business-type activities increased by 8.3 percent (\$43,655,255 in 2013 compared to \$40,300,388 in 2012).

Governmental Activities

Revenues for governmental activities totaled \$19,975,234, while the cost of all governmental functions totaled \$17,586,535. This results in a surplus of \$2,388,699 prior to transfers out of \$141,996. In 2012, revenues of \$16,673,801 exceeded expenses of \$15,658,192, resulting in a surplus of \$1,015,609 prior to transfers out of \$138,720.

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



NAME OF GOVERNMENT, ILLINOIS

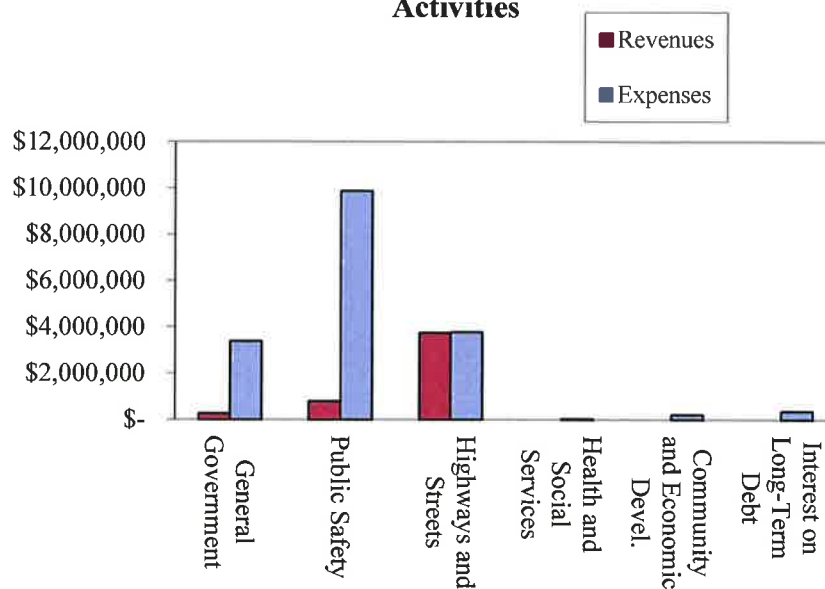
Management's Discussion and Analysis April 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

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

Expenses and Program Revenues - Governmental Activities



Business-Type Activities

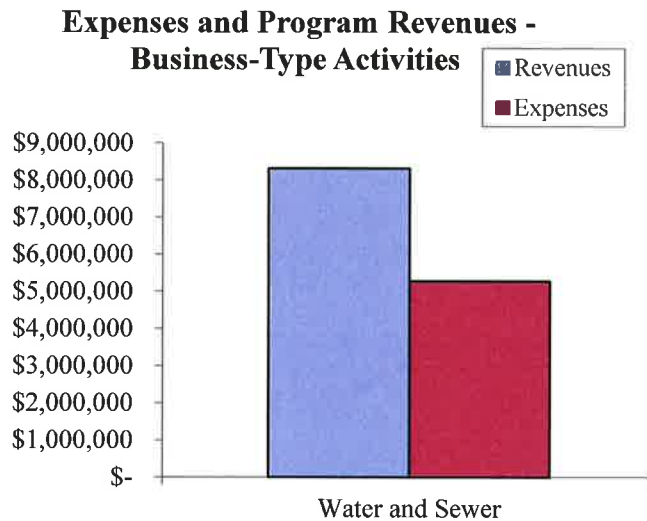
Business-Type activities posted total revenues of \$8,481,389, while the cost of all business-type activities totaled \$5,268,548. This results in a surplus of \$3,212,841 prior to transfers in of \$141,996. In 2012, revenues of \$6,823,034 exceed expenses of \$4,985,347, resulting in a surplus of \$1,837,687 prior to transfers in of \$138,720. The surplus in the current year is due an increase in use by the existing utility customers and capital contributions.

NAME OF GOVERNMENT, ILLINOIS

**Management's Discussion and Analysis
April 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type Activities – Continued



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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

The City's governmental funds reported combining ending fund balances of \$9,900,620, which is \$785,352, or 8.6 percent, higher than last year's total of \$9,115,268. Of the \$9,900,620 total, \$4,763,354, or approximately 48.1 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$1,001,855, an increase of 12.9 percent. This was due in large part to revenues for sales and use tax and income tax being higher than the original budget. Specifically, the original budgeted amount for these two revenue sources totaled \$5,517,632 and the actual amount totaled \$6,033,601. Furthermore, expenditures in the General Fund were under budget. Budgeted expenditures totaled \$13,907,586 while actual expenditures totaled \$13,526,035. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

NAME OF GOVERNMENT, ILLINOIS

Management's Discussion and Analysis April 30, 2013

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Governmental Funds – Continued

The General Fund is the chief operating fund of the City. At April 30, 2013, unassigned fund balance in the General Fund was \$4,968,897, which represents 56.6 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 36.7 percent of total General Fund expenditures.

The Capital Projects fund realized an increase in the fund balance of \$100,665 primarily as a result of a transfer in of \$305,840 (\$250,000 transfer in from the General Fund). The Nonmajor Funds realized a decrease in fund balance of \$317,168 as a result of the increase in expenditures in the Downtown TIF.

Proprietary Funds

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

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

The surplus in the Water/Sewer Fund during the current fiscal year was \$3,354,837 (capital contributions \$1,715,867 and capital grants \$358,907), while the previous fiscal year reported a surplus of \$1,976,407. Unrestricted net position in the Water/Sewer Fund totaled \$9,080,588 at April 30, 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council made budget amendments to the General Fund at the end of the fiscal year. General Fund actual revenues for the year totaled \$14,975,726, compared to budgeted revenues of \$15,073,591.

The General Fund actual expenditures for the year were \$381,551 lower than budgeted (\$13,526,035 actual compared to \$13,907,586 budgeted). The general government and public safety functions' actual expenditures were lower than budgeted expenditures by \$425,872 and \$11,930, respectively.

NAME OF GOVERNMENT, ILLINOIS

**Management's Discussion and Analysis
April 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of April 30, 2013 was \$66,307,635 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles and equipment, and infrastructure.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 523,664	523,664	696,551	696,551	1,220,215	1,220,215
Construction in Progress	-	5,156	321,642	5,442,401	321,642	5,447,557
Land Improvements	42,912	44,162	-	-	42,912	44,162
Infrastructure	25,952,868	24,827,774	-	-	25,952,868	24,827,774
Building and Improvements	1,411,328	1,490,185	241,231	253,502	1,652,559	1,743,687
Water Transmission System	-	-	8,522,915	7,863,470	8,522,915	7,863,470
Sewer Collection System	-	-	25,457,618	19,781,846	25,457,618	19,781,846
Equipment	623,557	677,626	1,068,230	1,217,828	1,691,787	1,895,454
Vehicles	1,375,569	1,398,972	69,550	38,989	1,445,119	1,437,961
Total	29,929,898	28,967,539	36,377,737	35,294,587	66,307,635	64,262,126

This year's major additions included:

Governmental Activities		Business-Type Activities	
Infrastructure	\$ 2,813,004	Construction in Progress	\$ 577,114
Equipment	88,032	Equipment	10,704
Vehicles	153,988	Vehicles	46,990
		Water Transmission	868,288
		Sewer Collection	6,545,452
	<u>3,055,024</u>		<u>8,048,548</u>

Additional information on the City of Belvidere's capital assets can be found in note 3 on pages 32 - 33 of this report.

NAME OF GOVERNMENT, ILLINOIS

Management's Discussion and Analysis April 30, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Belvidere had total outstanding debt of \$9,711,418 as compared to \$10,740,479 the previous year, a decrease of 9.6 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revolving Loans	\$ 140,000	140,000	-	-	140,000	140,000
Debt Certificates	725,098	770,098	-	-	725,098	770,098
Tax Increment Revenue Notes	3,036,000	3,886,000	-	-	3,036,000	3,886,000
Capital Lease	-	-	234,646	347,024	234,646	347,024
IEPA Loan	-	-	2,135,674	1,312,357	2,135,674	1,312,357
Alternate Revenue Bonds	-	-	3,440,000	4,285,000	3,440,000	4,285,000
Total	3,901,098	4,796,098	5,810,320	5,944,381	9,711,418	10,740,479

The City last received a bond rating in 2004 at which time it was a Standard & Poor AAA rating. The City has not entered the bond market since 2004. The City is no longer a non-home rule community, and is no longer held to the State statute that limits the amount of general obligation debt. However, the City's current debt limit under the non-home rule statute is \$27,931,163.

Additional information on the City of Belvidere's long-term debt can be found in Note 3 on pages 35 - 42 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

The residential sector is continuing to struggle compared to last year. Residential permits decreased from the prior year and new housing construction stayed flat (13 new homes). The commercial sector continues to struggle as well because commercial permits also decreased from the prior year. Some of the projects that have occurred over the past year that include additions, remodels and renovations are Pierce Packaging, Family Dollar, General Mills, Walmart, McDonald's, Boone County Historical Museum, Culver's, Franklin Wire, Pacific Global Logistics, Inc., and a new O'Reilly Auto Parts.

NAME OF GOVERNMENT, ILLINOIS

Management's Discussion and Analysis April 30, 2013

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

The City's elected and appointed officials considered many factors when setting the fiscal-year 2014 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. The unemployment rate for April 30, 2013, for the City of Belvidere was 11.4% and Boone County was 10.2%. The state and national unemployment rates were 8.7 and 7.1 percent, respectively.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Fund
 - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF BELVIDERE, ILLINOIS

Statement of Net Position

April 30, 2013

See Following Page

CITY OF BELVIDERE, ILLINOIS

**Statement of Net Position
April 30, 2013**

	Governmental Activities	Business-Type Activities	Totals	Component Unit Ida Public Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 7,551,127	12,165,193	19,716,320	594,484
Receivables - Net of Allowances	6,783,150	912,756	7,695,906	650,021
Land Held for Resale	439,754	-	439,754	-
Prepays and Inventories	286,167	231,023	517,190	8,480
Total Current Assets	<u>15,060,198</u>	<u>13,308,972</u>	<u>28,369,170</u>	<u>1,252,985</u>
Noncurrent Assets				
Capital Assets				
Nondepreciable	523,664	1,018,193	1,541,857	181,150
Depreciable	42,257,609	60,563,669	102,821,278	1,940,188
Accumulated Depreciation	<u>(12,851,375)</u>	<u>(25,204,125)</u>	<u>(38,055,500)</u>	<u>(896,525)</u>
Total Noncurrent Assets	<u>29,929,898</u>	<u>36,377,737</u>	<u>66,307,635</u>	<u>1,224,813</u>
Total Assets	<u>44,990,096</u>	<u>49,686,709</u>	<u>94,676,805</u>	<u>2,477,798</u>

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

	Governmental Activities	Business-Type Activities	Totals	Component Unit Ida Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	128,502	75,745	204,247	10,439
Accrued Payroll	91,471	-	91,471	9,910
Other Payables	-	32,836	32,836	22,000
Accrued Interest Payable	1,134,257	31,785	1,166,042	-
Current Portion of Long-Term Liabilities	72,582	979,020	1,051,602	14,451
Total Current Liabilities	1,426,812	1,119,386	2,546,198	56,800
Noncurrent Liabilities				
Compensated Absences Payable	110,328	64,638	174,966	8,320
Net Pension Obligation Payable	3,220,465	-	3,220,465	-
Net Other Post-Employment Benefit Obligation Payable	1,472,960	-	1,472,960	-
Mortgage Loans Payable	-	-	-	371,534
Revolving Loans Payable	140,000	-	140,000	-
Debt Certificates Payable	680,098	-	680,098	-
Tax Increment Revenue Notes Payable	3,036,000	-	3,036,000	-
Landfill Post Closure Care Costs	339,661	-	339,661	-
Capital Leases Payable	-	119,145	119,145	-
IEPA Loans Payable	-	2,038,315	2,038,315	-
General Obligation Alternate Revenue Source and Revenue Bonds Payable	-	2,690,000	2,690,000	-
Total Noncurrent Liabilities	8,999,512	4,912,098	13,911,610	379,854
Total Liabilities	10,426,324	6,031,484	16,457,808	436,654
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	4,939,605	-	4,939,605	650,021
Total Liabilities and Deferred Inflows of Resources	15,365,929	6,031,484	21,397,413	1,086,675
NET POSITION				
Net Investment in Capital Assets	26,141,105	30,567,417	56,708,522	840,908
Restricted - Donor Specific	-	-	-	87,539
Restricted - Capital Projects	-	4,007,220	4,007,220	-
Restricted - Motor Fuel Tax	570,361	-	570,361	-
Restricted - Tax Increment Financing	71,466	-	71,466	-
Unrestricted	2,841,235	9,080,588	11,921,823	462,676
Total Net Position	29,624,167	43,655,225	73,279,392	1,391,123

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Activities
Year Ended April 30, 2013**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants/ Contributions
Governmental Activities			
General Government	\$ 3,372,938	260,892	-
Public Safety	9,868,096	759,112	22,504
Highways and Streets	3,765,851	80,019	3,657,800
Health and Social Services	23,000	-	-
Community and Economic Development	202,636	-	-
Interest on Long-Term Debt	354,014		
Total Governmental Activities	17,586,535	1,100,023	3,680,304
Business-Type Activities			
Water and Sewer	5,268,548	6,231,289	2,074,774
Total Primary Government	22,855,083	7,331,312	5,755,078
Component Unit - Ida Public Library	841,218	35,929	144,939

General Revenues

Taxes

 Property Taxes

 Utility Taxes

 Telecommunication Taxes

 Replacement Taxes

 Other Taxes

Intergovernmental - Unrestricted

 Sales and Use Taxes

 Income Taxes

Interest Income

Miscellaneous

Transfers - Internal Activities

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

Governmental Activities	Net Expense/Revenue		Component Unit
	Business-Type Activities	Totals	Ida Public Library
(3,112,046)	-	(3,112,046)	-
(9,086,480)	-	(9,086,480)	-
(28,032)	-	(28,032)	-
(23,000)	-	(23,000)	-
(202,636)	-	(202,636)	-
(354,014)	-	(354,014)	-
(12,806,208)	-	(12,806,208)	-
-	3,037,515	3,037,515	-
(12,806,208)	3,037,515	(9,768,693)	-
-	-	-	(660,350)
4,909,809	-	4,909,809	638,330
2,186,708	-	2,186,708	-
173,155	-	173,155	-
422,887	-	422,887	38,889
8,410	-	8,410	-
3,612,765	-	3,612,765	-
2,420,836	-	2,420,836	-
19,125	39,873	58,998	2,021
1,441,212	135,453	1,576,665	82,616
(141,996)	141,996	-	-
15,052,911	317,322	15,370,233	761,856
2,246,703	3,354,837	5,601,540	101,506
27,377,464	40,300,388	67,677,852	1,289,617
29,624,167	43,655,225	73,279,392	1,391,123

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

CITY OF BELVIDERE, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2013**

	General	Capital Projects	Nonmajor	Totals
ASSETS				
Cash and Cash Equivalents	\$ 6,667,476	245,372	638,279	7,551,127
Receivables - Net of Allowances				
Property Taxes	4,422,288	40,021	139,432	4,601,741
Other Taxes	2,039,167	-	43,999	2,083,166
Other Receivables	94,079	-	-	94,079
Accrued Interest	4,164	-	-	4,164
Due from Other Funds	218,965	7,146	-	226,111
Land Held for Resale	-	-	439,754	439,754
Prepays	286,167	-	-	286,167
Total Assets	13,732,306	292,539	1,261,464	15,286,309
LIABILITIES				
Accounts Payable	108,619	-	19,883	128,502
Accrued Payroll	91,471	-	-	91,471
Due to Other Funds	-	-	226,111	226,111
Total Liabilities	200,090	-	245,994	446,084
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	4,760,152	40,021	139,432	4,939,605
Total Liabilities and Deferred Inflows of Resources	4,960,242	40,021	385,426	5,385,689
FUND BALANCES				
Nonspendable	286,167	-	439,754	725,921
Restricted	-	-	641,827	641,827
Committed	-	252,518	-	252,518
Assigned	3,517,000	-	-	3,517,000
Unassigned	4,968,897	-	(205,543)	4,763,354
Total Fund Balances	8,772,064	252,518	876,038	9,900,620
Total Liabilities, Deferred Inflows of Resources and Fund Balances	13,732,306	292,539	1,261,464	15,286,309

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

CITY OF BELVIDERE, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities**

April 30, 2013

Total Governmental Fund Balances	\$ 9,900,620
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	29,929,898
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Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:

Compensated Absences Payable	(137,910)
Net Pension Obligation Payable	(3,220,465)
Net Other Post-Employment Benefit Obligation Payable	(1,472,960)
Revolving Loans Payable	(140,000)
Debt Certificates Payable	(725,098)
Tax Increment Revenue Notes Payable	(3,036,000)
Landfill Post Closure Care Costs Payable	(339,661)
Accrued Interest Payable	<u>(1,134,257)</u>

Net Position of Governmental Activities	<u>29,624,167</u>
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CITY OF BELVIDERE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2013**

	General	Capital Projects	Nonmajor	Totals
Revenues				
Taxes	\$ 7,192,997	39,772	468,200	7,700,969
Intergovernmental	6,165,395	-	735,506	6,900,901
Licenses and Permits	316,063	-	-	316,063
Fines and Forfeitures	783,960	-	-	783,960
Interest	17,309	239	1,577	19,125
Miscellaneous	500,002	76,210	15,000	591,212
Total Revenues	14,975,726	116,221	1,220,283	16,312,230
Expenditures				
Current				
General Government	2,013,541	-	961,373	2,974,914
Public Safety	9,748,690	-	-	9,748,690
Highways and Streets	1,538,168	-	456,924	1,995,092
Health and Social Services	23,000	-	-	23,000
Community and Economic Development	202,636	-	-	202,636
Capital Outlay	-	265,556	-	265,556
Debt Service				
Principal Retirement	-	45,000	-	45,000
Interest and Fiscal Charges	-	10,840	119,154	129,994
Total Expenditures	13,526,035	321,396	1,537,451	15,384,882
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,449,691	(205,175)	(317,168)	927,348
Other Financing Sources (Uses)				
Transfers In	-	305,840	-	305,840
Transfers Out	(447,836)	-	-	(447,836)
	(447,836)	305,840	-	(141,996)
Net Change in Fund Balances	1,001,855	100,665	(317,168)	785,352
Fund Balances - Beginning	7,770,209	151,853	1,193,206	9,115,268
Fund Balances - Ending	8,772,064	252,518	876,038	9,900,620

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

CITY OF BELVIDERE, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**

Year Ended April 30, 2013

Net Change in Fund Balances - Total Governmental Funds **\$ 785,352**

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

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

Capital Outlays	3,049,868
Depreciation Expense	(2,085,509)
Disposals - Net of Accumulated Depreciation	(2,000)

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

(224,020)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Additions to Compensation Absences Payable	(13,753)
Additions to Net Pension Obligation	112,304
Additions to Net Other Post-Employment Benefit Obligation Payable	(322,518)
Deductions to Landfill Post Closure Costs Payable	51,979
Foregiveness of Tax Increment Revenue Notes Payable	850,000
Retirement of Debt Certificates Payable	45,000

Changes in Net Position of Governmental Activities

2,246,703

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Net Position - Proprietary Fund
April 30, 2013**

	<u>Business-Type Activities</u> <u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 12,165,193
Receivables - Net of Allowances	
Billed Services	523,657
Unbilled Services	372,029
Accrued Interest	17,070
Inventories	50,453
Prepays	<u>180,570</u>
Total Current Assets	<u>13,308,972</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	1,018,193
Depreciable	60,563,669
Accumulated Depreciation	<u>(25,204,125)</u>
Total Noncurrent Assets	<u>36,377,737</u>
Total Assets	<u>49,686,709</u>

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

	Business-Type Activities <u>Water and Sewer</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	75,745
Other Liabilities	32,836
Accrued Interest Payable	31,785
Current Portion of Long-Term Liabilities	979,020
Total Current Liabilities	<u>1,119,386</u>
Noncurrent Liabilities	
Compensated Absences Payable	64,638
Capital Leases Payable	119,145
IEPA Loans Payable	2,038,315
General Obligation Alternate Revenue Source Bonds Payable	2,690,000
Total Noncurrent Liabilities	<u>4,912,098</u>
Total Liabilities	<u>6,031,484</u>
NET POSITION	
Net Investment in Capital Assets	30,567,417
Restricted - Capital Projects	4,007,220
Unrestricted	<u>9,080,588</u>
Total Net Position	<u><u>43,655,225</u></u>

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
Year Ended April 30, 2013**

	<u>Business-Type Activities</u> <u>Water and Sewer</u>
Operating Revenues	
Charges for Services	\$ 6,190,141
Other Revenue	41,148
Total Operating Revenues	<u>6,231,289</u>
Operating Expenses	
Operations	3,808,329
Depreciation	1,267,525
Total Operating Expenses	<u>5,075,854</u>
Operating Income	<u>1,155,435</u>
Nonoperating Revenues (Expenses)	
Connection Fees	135,453
Interest and Fiscal Charges	(192,694)
Interest Income	39,873
	<u>(17,368)</u>
Income Before Transfers and Capital Contributions	1,138,067
Transfers In	141,996
Capital Grants	358,907
Capital Contributions	<u>1,715,867</u>
Change in Net Position	3,354,837
Net Position - Beginning	<u>40,300,388</u>
Net Position - Ending	<u><u>43,655,225</u></u>

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Cash Flows - Proprietary Fund
Year Ended April 30, 2013**

	<u>Business-Type Activities Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 6,533,532
Payments to Employees	(1,344,290)
Payments to Suppliers	(3,103,063)
	<u>2,086,179</u>
Cash Flows from Noncapital and Related Activities	
Transfers In (Out)	<u>141,996</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(634,808)
Capital Grant Proceeds	358,907
Issuance of Capital Debt	2,938,317
Principal Paid on Debt	(3,072,378)
Interest Paid on Debt	(192,694)
	<u>(602,656)</u>
Cash Flows from Investing Activities	
Interest Received	<u>39,873</u>
Net Change in Cash and Cash Equivalents	1,665,392
Cash and Cash Equivalents - Beginning	<u>10,499,801</u>
Cash and Cash Equivalents - Ending	<u><u>12,165,193</u></u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities Operating Income	<u>1,155,435</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:	
Other Income	135,453
Depreciation and Amortization	1,267,525
(Increase) Decrease in Current Assets	166,790
Increase (Decrease) in Current Liabilities	(639,024)
	<u>2,086,179</u>
Net Cash Provided by Operating Activities	<u><u>2,086,179</u></u>
Noncash Activities	
Capital Contributions	<u><u>1,715,867</u></u>

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Net Position - Fiduciary Funds
April 30, 2013**

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 68,299	890,507
Investments		
U.S. Government and Agency Obligations	8,857,988	-
Corporate Bonds	2,419,150	
Equities	6,841,583	-
Mutual Funds	6,041,531	-
Money Market Mutual Funds	487,188	-
Insurance Contracts	3,307,140	-
Receivables - Accrued Interest	100,851	-
Prepays	13,602	-
Total Assets	<u>28,137,332</u>	<u>890,507</u>
LIABILITIES		
Accounts Payable	9,276	-
Due to Developers	-	38,278
Due to Other Governments	-	852,229
Total Liabilities	<u>9,276</u>	<u>890,507</u>
NET POSITION		
Net Position Held in Trust for Pension Benefits	<u><u>28,128,056</u></u>	<u>-</u>

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Changes in Net Position - Fiduciary Funds
Year Ended April 30, 2013**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 1,666,768
Contributions - Plan Members	493,881
Total Contributions	<u>2,160,649</u>
Investment Income	
Interest Earned	773,039
Net Change in Fair Value	1,366,834
	<u>2,139,873</u>
Less Investment Expenses	(122,069)
Net Investment Income	<u>2,017,804</u>
Total Additions	<u>4,178,453</u>
Deductions	
Administration	56,965
Benefits and Refunds	1,630,597
Total Deductions	<u>1,687,562</u>
Change in Net Position	2,490,891
Net Position Held in Trust for Pension Benefits	
Beginning	<u>25,637,165</u>
Ending	<u>28,128,056</u>

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belvidere (the City), Illinois, 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, building and zoning, financial and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the City's accounting policies established in GAAP and used by the City are described below.

REPORTING ENTITY

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the City.

The City's financial reporting entity comprises the following:

Primary Government:	City of Belvidere
Discretely Presented Component Unit:	Ida Public Library

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

The City's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of those employees and is governed by a five-member pension board, with two members appointed by the City Mayor, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPERS.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 39 but do not meet the criteria for blending.

Ida Public Library

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 discretely component unit since it is legally separate from the City.

BASIS OF PRESENTATION

Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general government, public safety, highways and streets, health and social services, community and economic development, and general administrative services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements
April 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, highways and streets, etc.) The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc).

The City allocates indirect costs to the proprietary funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid through the General Fund.

This government-wide focus concentrates on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a single column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains six nonmajor special revenue funds.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The City maintains one capital projects fund, the Capital Projects Fund which is treated as a major fund.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the City:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Water and Sewer Fund, a major fund, is used to account for the 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 account records are maintained on an enterprise fund basis. Accordingly, account classifications used are designed specifically for the water and sewer operations.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. The Firefighters' Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

Agency funds are used to account for assets held by the City in a purely custodial capacity. The City maintains two agency funds. The Escrow Fund is used to account for escrow monies held for developers.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflows is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty (60) days after year-end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty (60) day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, income taxes, franchise taxes, licenses, interest income, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Cash Equivalents

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, income taxes, franchise taxes, and grants. Business-type activities report water and sewer charges as their major receivables.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 for infrastructure and \$5,000 for all other depreciable assets or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

Buildings and Improvements	10 - 40 Years
Equipment	5 - 10 Years
Vehicles	5 - 20 Years
Infrastructure	20 - 50 Years

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Compensated Absences

The City accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures/expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted—All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City's Finance Director has been assigned the duties of Budget Officer. The budgeting process begins November 5th 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 December 10th 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 February 11th and March 4th, 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 and 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 Mayor 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 the fiscal year end. During the year, several supplementary appropriations were necessary.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
1990 Tax Incentive Finance District	\$ 19,883

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments – Statutes authorize the City to make deposits/invest in commercial banks, savings and loan institutions, 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, Illinois Funds, and the Illinois Metropolitan Investment Fund.

The deposits and investments of the Pension Funds are held separately from those of other City funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net position. Pension funds of at least 5 million that have appointed an investment advisor may, through that investment advisor, invest up to thirty-five percent of the plan's net position in common and preferred stocks that meet specific restrictions.

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

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

City – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the City’s deposits for governmental and business-type activities totaled \$19,702,668 and the bank balances totaled \$19,382,195. In addition, the City has \$487,340 invested in the Illinois Funds and \$100,000 invested in IMET at year-end.

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires that funds on deposit in excess of FDIC must be secured by collateral and held by an independent third party. At year-end, the entire bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy does not address custodial credit risk for investments. The City’s investment in the Illinois Fund is noncategorizable. The IMET 1-3 Year Fund is a depository vehicle that is 110 percent collateralized with obligations of the United States Treasury and its agencies. All collateral securities are held in the name of IMET at the Federal Reserve Bank of New York.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s investment policy does not address credit risk. The City’s investment in the Illinois Funds was rated AAAM by Standard & Poor’s. The Illinois Metropolitan Investment Trust Convenience Fund is rated AAAs by Standard & Poor’s and the 1-3 Year Fund is rated AAs by Standard & Poor’s.

Concentration Credit Risk. This is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City’s investment policy does not address concentration credit risk. At year-end, the City has no investments that represent over 5 percent of the total cash and investment portfolio.

Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government and Agency Obligations	\$ 5,602,494	419,255	3,429,252	1,308,566	445,421
Corporate Bonds	2,419,150	255,885	1,367,807	795,458	-
	<u>8,021,644</u>	<u>675,140</u>	<u>4,797,059</u>	<u>2,104,024</u>	<u>445,421</u>

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Interest Rate Risk. In accordance with the Pension Fund’s investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund’s investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Fund’s investment policy also prescribes to the “prudent person” rule, which states, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return.”

Custodial Credit Risk. The Fund does not have a formal investment policy to address custodial credit risk. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. The Fund’s investment policy requires that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. In accordance with the Fund’s investment policy, the Fund limits its exposure to custodial credit risk for investments by utilizing an independent third party institution, selected by the Fund, to act as custodian for its securities and collateral.

Concentration Credit Risk. The Fund does not have a formal investment policy to address concentration credit risk. At year-end, the Fund has no investments over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations).

Firefighters’ Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government and Agency Obligations	\$ 1,628,002	136,435	786,900	530,545	174,122
Corporate Bonds	1,501,986	-	1,081,454	420,532	-
	<u>3,129,988</u>	<u>136,435</u>	<u>1,868,354</u>	<u>951,077</u>	<u>174,122</u>

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters' Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Interest Rate Risk. In accordance with the Pension Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Fund's investment policy also prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

Custodial Credit Risk. The Fund does not have a formal investment policy to address custodial credit risk. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. The Fund's investment policy requires that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. In accordance with the Fund's investment policy, the Fund limits its exposure to custodial credit risk for investments by utilizing an independent third party institution, selected by the Fund, to act as custodian for its securities and collateral.

Concentration Credit Risk. The Fund does not have a formal investment policy to address concentration credit risk. At year-end, the Fund has no investments over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations).

PROPERTY TAXES

Property taxes for 2012 attach as an enforceable lien on January 1, 2012, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1, 2013, and September 1, 2013. The County collects such taxes and remits them periodically.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 523,664	-	-	523,664
Construction in Progress	5,156	-	5,156	-
	<u>528,820</u>	<u>-</u>	<u>5,156</u>	<u>523,664</u>
Depreciable Capital Assets				
Land Improvements	49,995	-	-	49,995
Infrastructure	31,679,300	2,813,004	-	34,492,304
Building and Improvements	2,367,729	-	-	2,367,729
Equipment	1,850,528	88,032	-	1,938,560
Vehicles	3,288,883	153,988	33,850	3,409,021
	<u>39,236,435</u>	<u>3,055,024</u>	<u>33,850</u>	<u>42,257,609</u>
Less Accumulated Depreciation				
Land Improvements	5,833	1,250	-	7,083
Infrastructure	6,851,526	1,687,910	-	8,539,436
Building and Improvements	877,544	78,857	-	956,401
Equipment	1,172,902	142,101	-	1,315,003
Vehicles	1,889,911	175,391	31,850	2,033,452
	<u>10,797,716</u>	<u>2,085,509</u>	<u>31,850</u>	<u>12,851,375</u>
Total Net Depreciable Capital Assets	<u>28,438,719</u>	<u>969,515</u>	<u>2,000</u>	<u>29,406,234</u>
Total Net Capital Assets	<u>28,967,539</u>	<u>969,515</u>	<u>2,000</u>	<u>29,929,898</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 61,753
Public Safety	229,710
Highways and Streets	<u>1,794,046</u>
	<u>2,085,509</u>

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 696,551	-	-	696,551
Construction in Progress	5,442,401	577,114	5,697,873	321,642
	<u>6,138,952</u>	<u>577,114</u>	<u>5,697,873</u>	<u>1,018,193</u>
Depreciable Capital Assets				
Buildings and Structures	2,280,625	-	-	2,280,625
Equipment	3,470,515	10,704	-	3,481,219
Furniture and Fixtures	162,225	-	-	162,225
Vehicles	641,507	46,990	-	688,497
Water Transmission System	13,592,377	868,288	-	14,460,665
Sewer Collection System	32,944,986	6,545,452	-	39,490,438
	<u>53,092,235</u>	<u>7,471,434</u>	<u>-</u>	<u>60,563,669</u>
Less Accumulated Depreciation				
Buildings and Structures	2,027,123	12,271	-	2,039,394
Equipment	2,252,687	160,302	-	2,412,989
Furniture and Fixtures	162,225	-	-	162,225
Vehicles	602,518	16,429	-	618,947
Water Transmission System	5,728,907	208,843	-	5,937,750
Sewer Collection System	13,163,140	869,680	-	14,032,820
	<u>23,936,600</u>	<u>1,267,525</u>	<u>-</u>	<u>25,204,125</u>
Total Net Depreciable Capital Assets	<u>29,155,635</u>	<u>6,203,909</u>	<u>-</u>	<u>35,359,544</u>
Total Net Capital Assets	<u>35,294,587</u>	<u>6,781,023</u>	<u>5,697,873</u>	<u>36,377,737</u>

Depreciation expense was charged to business-type activities as follows.

Water and Sewer	<u>\$ 1,267,525</u>
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CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND ADVANCES

The composition of interfund balances as of the date of this report, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 218,965
Capital Projects	Nonmajor Governmental	<u>7,146</u>
		<u>226,111</u>

Interfund balances are advances in anticipation of receipts.

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects	General	\$ 305,840
Water and Sewer	General	<u>141,996</u>
		<u>447,836</u>

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of equipment related to water service. Capital assets of \$660,900 have been added to machinery and equipment in the Water and Sewer Fund as a result of this capital lease. This lease agreement qualifies as a capital lease for accounting purposes and; therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The capital lease has been recorded as a liability of the Water and Sewer Fund.

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

Fiscal Year	Lease Payment
2014	\$ 123,290
2015	<u>123,290</u>
	246,580
Interest Portion	<u>(11,934)</u>
Principal Balance	<u><u>234,646</u></u>

Revolving Loan Payable

The City has established a revolving loan payable as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Brownfield Revolving Loan Payable dated October 6, 2010 due in annual installments of \$8,750, non-interest bearing, through October 1, 2031.	\$ 140,000	-	-	<u><u>140,000</u></u>

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Illinois Environmental Protection Agency (IEPA) Loan Payable

The City has entered into loan agreements with the IEPA to provide low interest financing for wastewater improvements. IEPA loans currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Wastewater Treatment Works Loan Payable, due in semi-annual installments of \$61,876 including interest at 1.25% through May 1, 2032.	\$ 1,312,357	823,317	-	2,135,674

Debt Certificates

The City issues debt certificates to provide funds for the acquisition and construction of major capital facilities for governmental activities. Debt certificates currently outstanding are as follows:

Issue	Beginning Balances as Restated	Issuances	Retirements	Ending Balances
General Obligation Debt Certificates of 2005 dated July 19, 2005, due in annual installments of \$1,237 to \$65,098 including variable interest through August 1, 2025.	\$ 770,098	-	45,000	725,098

General Obligation Alternate Revenue Source and Revenue Bonds

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation alternate revenue source and revenue bonds provide for the collection, segregation and distribution of certain water and sewer revenues received by the City for the payment of principal and interest on the alternate revenue source bonds. Bonds outstanding are as follows:

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Alternate Revenue Source and Revenue Bonds – Continued

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Alternate Revenue Source Bonds of 2003 dated December 16, 2002, due in annual installments of \$340,000 to \$575,000 including interest of 2.50% to 4.25% through May 1, 2015.	\$ 1,670,000	-	540,000	1,130,000
General Obligation Revenue Refunding Bonds of 2003 dated October 6, 2003, due in annual installments of \$105,000 to \$195,000 including interest of 3.00% to 5.00% through February 1, 2014.	385,000	-	190,000	195,000
General Obligation Revenue Bonds of 2004 dated February 1, 2004, due in annual installments of \$50,000 to \$235,000 including interest of 4.60% to 5.00% through February 1, 2024.	2,230,000	-	2,085,000 * 145,000	-
General Obligation Revenue Refunding Bonds of 2013 dated February 4, 2013, due in annual installments of \$200,000 to \$400,000 including interest of 1.35% to 2.40% through August 1, 2020.	-	2,115,000	-	2,115,000
	4,285,000	2,115,000	2,960,000	3,440,000

*Refunded

Tax Increment Revenue Notes

The City issued tax increment revenue notes for tax increment financing district capital improvements. The notes will be repaid only from the tax increment generated by the applicable tax increment financing district. Tax increment revenue notes currently outstanding are as follows:

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Tax Increment Revenue Notes – Continued

Issue	Beginning Balances as Restated	Issuances	Retirements	Ending Balances
Senior Lien Tax Increment Revenue Notes of 1993 dated December 28, 1992, due in annual installments of \$425,000 including interest of 12% through January 1, 2013.	\$ 850,000	-	850,000 *	-
Tax Increment General Mills Revenue Notes of 2003 dated March 17, 2003, due in annual installments plus interest of 8% through May 30, 2023.	3,036,000	-	-	3,036,000
	<u>3,886,000</u>	-	850,000	<u>3,036,000</u>

* The 1993 TIF expired during the fiscal year. As such, the remaining balance on the outstanding TIF note no longer represents an obligation of the City and is recognized as note forgiveness. The prior audit had not recorded these obligations as City obligations. The City is obligated for repayment of the TIF notes through the pledging of tax incremental revenue. If incremental revenue is collected within the TIF the City is obligated to make repayment on the outstanding notes. Upon the incremental revenue no longer being collected by the City or upon expiration of the TIF, the City then becomes free of the obligation of repayment.

Landfill Post Closure Care Cost

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 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 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 re-evaluation 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. \$44,479 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 \$279,661 based on favorable results after the initial trial period and 100% usage (filled) of the landfill.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Landfill Post Closure Care Cost – Continued

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, 2013 post closure care costs are continuing. At year-end, the estimated remaining liability is \$60,000.

Long-Term Liability Activity

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

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 124,157	27,506	13,753	137,910	27,582
Net Pension Obligation	3,332,769	-	112,304	3,220,465	-
Net Post-Employment Benefit Obligation	1,150,442	322,518	-	1,472,960	-
Revolving Loans Payable	140,000	-	-	140,000	-
Debt Certificates Payable	770,098	-	45,000	725,098	45,000
Tax Increment Revenue Notes Payable	3,886,000	-	850,000 *	3,036,000	-
Landfill Post Closure Care Costs	391,640	-	51,979	339,661	-
	<u>9,795,106</u>	<u>350,024</u>	<u>1,073,036</u>	<u>9,072,094</u>	<u>72,582</u>
Business-Type Activities					
Compensated Absences	57,511	46,574	23,287	80,798	16,160
Capital Lease Payable	347,024	-	112,378	234,646	115,501
IEPA Loan Payable	1,312,357	823,317	-	2,135,674	97,359
Alternate Revenue Source Bonds Payable	4,285,000	2,115,000	2,960,000	3,440,000	750,000
Unamortized Bond Premium	66,888	-	66,888	-	-
	<u>6,068,780</u>	<u>2,984,891</u>	<u>3,162,553</u>	<u>5,891,118</u>	<u>979,020</u>

* The 1993 TIF expired during the fiscal year. As such, the remaining \$850,000 balance on the outstanding TIF note no longer represents an obligation of the City and is recognized as note forgiveness.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For governmental activities compensated absences, net pension obligation and net post-employment benefit obligation are generally liquidated by the General Fund. The revolving loan payable is being liquidated by the General Fund; the Capital Projects Fund is making payments on the debt certificate payable with a transfer from the General Fund; and the Kishwaukee TIF Fund is making payments on the tax increment revenue notes payable. For business-type activities compensated absences, capital lease payable, IEPA loan payable, and alternate revenue source bonds payable are generally liquidated by the Water and Sewer Fund.

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities			
	Revolving Loans		Debt Certificates	
	Principal	Interest	Principal	Interest
2014	\$ -	-	45,000	10,188
2015	-	-	45,000	9,535
2016	-	-	50,000	8,846
2017	8,750	-	50,000	8,121
2018	8,750	-	50,000	7,396
2019	8,750	-	55,000	6,635
2020	8,750	-	55,000	5,837
2021	8,750	-	60,000	5,003
2022	8,750	-	60,000	4,133
2023	8,750	-	60,000	3,264
2024	8,750	-	65,000	2,357
2025	8,750	-	65,000	1,415
2026	8,750	-	65,098	472
2027	8,750	-	-	-
2028	8,750	-	-	-
2029	8,750	-	-	-
2030	8,750	-	-	-
2032	8,750	-	-	-
2032	8,750	-	-	-
Total	140,000	-	725,098	73,202

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity – Continued

Fiscal Year	Business-Type Activities			
	IEPA Loans		Alternate Revenue Source Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 97,359	26,393	750,000	93,658
2015	98,581	25,171	775,000	62,365
2016	99,817	23,935	205,000	35,903
2017	101,068	22,684	250,000	32,302
2018	102,335	21,417	400,000	26,540
2019	103,619	20,133	400,000	18,840
2020	104,917	18,835	400,000	10,540
2021	106,233	17,519	260,000	3,120
2022	107,565	16,187	-	-
2023	108,914	14,838	-	-
2024	110,280	13,472	-	-
2025	111,662	12,090	-	-
2026	113,062	10,690	-	-
2027	114,480	9,272	-	-
2028	115,916	7,836	-	-
2029	117,369	6,383	-	-
2030	118,841	4,911	-	-
2031	120,331	3,421	-	-
2032	121,840	1,912	-	-
2033	61,485	384	-	-
Total	2,135,674	277,483	3,440,000	283,268

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Defeased Debt

In the current year, the City issued \$2,115,000 par value General Obligation Revenue Refunding Bonds of 2013 to refund \$2,085,000 of the General Obligation Revenue Bonds of 2004. The City defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the City reduced its total debt service by \$358,614. The economic gain (present value of the change in cash flow) is not available.

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2012	<u>\$ 332,246,506</u>
Legal Debt Limit - 8.625% of Assessed Value	28,656,261
Amount of Debt Applicable to Limit	<u>725,098</u>
Legal Debt Margin	<u>27,931,163</u>

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2013:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 29,929,898
Less:	
Revolving Loans Payable	(140,000)
Debt Certificates Payable	(725,098)
Tax Increment Revenue Notes Payable	<u>(3,036,000)</u>
Net Investment in Capital Assets	<u>26,028,800</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	36,377,737
Less:	
Capital Lease Payable	(234,646)
IEPA Loan Payable	(2,135,674)
Alternate Revenue Source Bonds of 2003	(1,130,000)
Revenue Refunding Bonds of 2003	(195,000)
Revenue Refunding Bonds of 2013	<u>(2,115,000)</u>
Net Investment in Capital Assets	<u>30,567,417</u>

Fund Balance Classifications

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Committed Fund Balance. Committed amounts can only be used for specific purposes imposed by formal action or the City'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. The Capital Projects Fund, a major fund, fund balance is reported as committed based on the Budget and Appropriation Ordinance.

Assigned Fund Balance. The City reports assigned fund balance in the General Fund. These amounts are intended to be used for specific purposes as determined by the City Council on an annual basis.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications – Continued

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Capital Projects	Nonmajor	Totals
Fund Balances				
Nonspendable				
Prepays	\$ 286,167	-	-	286,167
Land Held for Resale	-	-	439,754	439,754
	<u>286,167</u>	<u>-</u>	<u>439,754</u>	<u>725,921</u>
Restricted				
Motor Fuel Tax	-	-	570,361	570,361
Tax Increment Financing	-	-	71,466	71,466
	<u>-</u>	<u>-</u>	<u>641,827</u>	<u>641,827</u>
Committed				
Capital Projects	-	252,518		252,518
Assigned				
Fund Reserves	3,517,000	-	-	3,517,000
Unassigned				
	<u>4,968,897</u>	<u>-</u>	<u>(205,543)</u>	<u>4,763,354</u>
Total Fund Balances	<u><u>8,772,064</u></u>	<u><u>252,518</u></u>	<u><u>876,038</u></u>	<u><u>9,900,620</u></u>

Fund Balance/Net Position Restatements

The City has restated its financial statements for governmental activities to correct the prior recording of long-term debt; the major components of which are as follows:

- Recording of TIF revenue bonds as of the beginning of the year (\$3,886,000). The prior audit had not recorded these obligations as City obligations – see additional discussion on page 38 of the notes to the financial statements
- Items previously reported as revenue in the government-wide financial statements but deferred in the fund financial statements (\$350,334)
- Correction of beginning Other Postemployment Benefit Obligation (OPEB) balance (\$48,880)
- Accrued interest on long-term debt not reported at the beginning of the year related to the TIF revenue bonds (\$910,237)

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance/Net Position Restatements – Continued

The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	Increase (Decrease)
Governmental Activities	\$ 32,779,530	27,377,463	(5,402,067)

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

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

CONTINGENT LIABILITIES

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.

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 the Financial Statements April 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

The City contributes to four defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Sheriff's Law Enforcement Personnel Fund (SLEP), a deferred benefit agent multiple-employer public employee retirement system which is administered by the IMRF, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the City at 401 Whitney Boulevard, Belvidere, Illinois 61008. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System (IMRF)

All employees (other than those covered by the Police Pension plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer rate for calendar year 2012 was 15.58 percent.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Sheriff's Law Enforcement Personnel

Sheriff's Law Enforcement Personnel (SLEP), having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earning rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits.

These benefit provisions and all other requirements are established by State statutes. SLEP members are required to contribute 7.50% of their annual salary to SLEP. The City is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution rate for the calendar year 2012 was 15.85 percent.

Police Pension Plan

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

At fiscal year end 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>
	<u>59</u>

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or $\frac{1}{2}$ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Firefighters’ Pension Plan

The Firefighters’ Pension Plan is a single-employer defined pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

At fiscal year end 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	20
Nonvested	<u>7</u>
	<u>54</u>

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

The Firefighters’ Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Firefighters' Pension Plan – Continued

Covered employees, if any, 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 contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Significant Investments

There are no investments (other than U.S. Government and U.S. Government - guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits for the Police and Firefighters' Pension Plans. Information for IMRF and SLEP are not available.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Annual Pension Cost and Net Pension Obligation

The City’s annual required contribution for the current year and related information for each plan is as follows:

	IMRF	SLEP	Police Pension	Firefighters' Pension
Contribution Rates				
Employer	15.58%	15.85%	32.86%	53.64%
Employee	4.50%	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/2012	12/31/2012	4/30/2012	4/30/2012
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	30 Years	28 Years	28 Years
Asset Valuation Method	5-Year Smoothed Market	5-Year Smoothed Market	Market	Market
Actuarial Assumptions				
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually	7.00% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4% to 10.0%	.4% to 10.0%	5.50%	5.50%
Inflation Rate Included	4.00%	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%	3.00%

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

There was no net pension obligation for the IMRF and SLEP plans. The pension liabilities for the Police and Firefighters' Pension Plans are as follows:

	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 850,477	620,796	1,471,273
Interest on the NPO	120,587	112,707	233,294
Adjustment to the ARC	(76,137)	(73,966)	(150,103)
Annual Pension Cost	894,927	659,537	1,554,464
Actual Contribution	830,789	835,979	1,666,768
Increase in the NPO	64,138	(176,442)	(112,304)
NPO Beginning of Year	1,722,667	1,610,102	3,332,769
NPO End of Year	1,786,805	1,433,660	3,220,465

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

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

	Fiscal Year	IMRF	SLEP	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2011	\$ 385,921	\$ 12,828	\$ 902,418	\$ 879,039
	2012	317,526	12,986	862,353	724,988
	2013	402,326	14,728	894,927	659,537
Actual Contributions	2011	385,921	12,828	425,700	425,700
	2012	317,526	12,986	885,875	882,299
	2013	402,326	14,728	830,789	835,979
Percentage of APC Contributed	2011	100.00%	100.00%	47.17%	48.43%
	2012	100.00%	100.00%	102.73%	121.70%
	2013	100.00%	100.00%	92.83%	126.75%
Net Pension Obligation	2011	-	-	1,749,189	1,767,413
	2012	-	-	1,722,667	1,610,102
	2013	-	-	1,786,805	1,433,660

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Funded Status and Funding Progress

The City’s funded status for the current year and related information for each plan is as follows:

	IMRF	SLEP	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/12	12/31/12	4/30/12	4/30/12
Percent Funded	50.16%	83.29%	59.15%	63.85%
Actuarial Accrued Liability for Benefits	\$7,537,378	\$424,583	\$24,197,811	\$18,825,035
Actuarial Value of Assets	\$3,780,405	\$353,653	\$14,313,423	\$12,019,717
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$3,756,973)	(\$70,930)	(\$9,884,388)	(\$6,805,318)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$2,582,322	\$92,918	\$2,695,547	\$1,644,737
Ratio of UAAL to Covered Payroll	145.49%	76.34%	366.69%	413.76%

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the City offers post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's General Fund.

The City offers post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are not eligible for benefits.

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

Retirees contribute 12% of the single health rate and contribute 100% of the additional cost for additional covered lives for post-employment health and dental insurance. For the fiscal year ending April 30, 2013, retirees contributed \$143,488 to the plan. Active employees do not contribute to the post-employment health care plan until retirement.

At April 30, 2013, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	39
Active Employees	<u>80</u>
Total	<u>119</u>
Participating Employers	1

The City does not currently have a funding policy.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2013, was calculated as follows:

Annual Required Contribution	\$ 667,256
Interest on the Net OPEB Obligation	46,018
Adjustment to the ARC	<u>(38,348)</u>
Annual OPEB Cost	674,926
Actual Contribution	<u>352,408</u>
Change in the Net OPEB Obligation	322,518
Net OPEB Obligation - Beginning of Year	<u>1,150,442</u>
Net OPEB Obligation - End of Year	<u><u>1,472,960</u></u>

Trend Information

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 392,062	\$ 136,323	34.77%	\$ 866,224
2012	429,649	145,431	33.85%	1,150,442
2013	674,926	352,408	52.21%	1,472,960

Funded Status and Funding Progress

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 contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress – Continued

The funded status of the plan as of April 30, 2012, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 9,650,214
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	9,650,214
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	7,015,524
UAAL as a Percentage of Covered Payroll	137.56%

Actuarial Methods and Assumptions

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

In the April 30, 2012 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0%, with an ultimate rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013, was 30 years.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – IDA PUBLIC LIBRARY

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The Library had an excess of actual expenditures over budget of \$138,447 as of the date of this report:

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments – Statutes authorize the Library to make deposits/invest in commercial banks, savings and loan institutions, 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 Illinois Funds.

Library Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Library's deposits totaled \$165,837 and the bank balances totaled \$179,373.

Investments. At year-end, the Library also has \$262,358 invested in mutual funds, \$86,510 invested in common stock, and \$79,779 invested in equities.

Interest Rate Risk. The Library's investment policy objective of the Library's Endowment Fund is moderate growth to achieve a balanced level of current income with the opportunity for future long term growth of capital. The Library's investment objective of the Library's Reserve Fund is to invest the portfolio in compliance with the Illinois Public Funds Act. The primary objective is preservation of capital and secondary objective is to provide liquidity and maximum level of income to enable the Library to meet its cash flow requirements for operations and capital projects.

Credit Risk. The Library's investment policy does not address credit risk.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2013

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – IDA PUBLIC LIBRARY – Continued

DEPOSITS AND INVESTMENTS – Continued

Library Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Custodial Credit Risk. The Library's investment policy does not address custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance. The Library's investment policy does not mitigate custodial credit risk for investments.

Concentration Risk. At year-end, the Library has no investments that represent over 5 percent of the total cash and investment portfolio.

PROPERTY TAXES

Property taxes for 2012 attach as an enforceable lien on January 1, 2012, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1, 2013, and September 1, 2013. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

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

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – IDA PUBLIC LIBRARY – Continued

CAPITAL ASSETS – Continued

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

Improvements	5 Years
Building	40 Years
Equipment	5 Years

Capital asset activity for the year was as follows:

	Beginning Balances as Restated	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 181,150	-	-	181,150
Depreciable Capital Assets				
Improvements	8,697	-	-	8,697
Building	1,765,617	131,969	-	1,897,586
Equipment	24,592	9,313	-	33,905
	<u>1,798,906</u>	<u>141,282</u>	<u>-</u>	<u>1,940,188</u>
Less Accumulated Depreciation				
Improvements	5,218	1,737	-	6,955
Building	844,376	39,877	-	884,253
Equipment	826	4,491	-	5,317
	<u>850,420</u>	<u>46,105</u>	<u>-</u>	<u>896,525</u>
Total Net Depreciable Capital Assets	<u>948,486</u>	<u>95,177</u>	<u>-</u>	<u>1,043,663</u>
Total Net Capital Assets	<u>1,129,636</u>	<u>95,177</u>	<u>-</u>	<u>1,224,813</u>

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2013**

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – IDA PUBLIC LIBRARY – Continued

LONG-TERM DEBT

Mortgage Loans Payable

The Library has four outstanding mortgage loans payable as of April 30, 2013 with outstanding principal balances of \$99,811, \$116,913, \$90,959, and \$76,222. Mortgages have been issued for capital improvement costs and range in interest rates from 4.5% to 6.1%.

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Mortgage Loans Payable	\$ 314,167	77,696	7,958	383,905	12,371
Compensated Absences	6,962	6,876	3,438	10,400	2,080
	<u>321,129</u>	<u>84,572</u>	<u>11,396</u>	<u>394,305</u>	<u>14,451</u>

Debt Service Requirements to Maturity

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

Fiscal Year	Ida Public Library	
	Mortgages	
	Principal	Interest
2014	\$ 12,371	20,727
2015	13,063	20,036
2016	13,743	19,355
2017	14,566	18,531
2018	152,058	12,846
2019	9,266	10,757
2020	9,828	10,194
2021	159,010	9,119
Total	<u>383,905</u>	<u>121,565</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund
 - Sheriff's Law Enforcement Personnel Plan
 - Police Pension Fund
 - Firefighters' Pension Fund
 - Other Post-Employment Benefit Plan

- Budgetary Comparison Schedule
 - General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

CITY OF BELVIDERE, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2013**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 9,251,949	\$ 10,256,249	90.21%	\$ 1,004,300	\$ 3,287,659	30.55%
2008	8,760,797	11,133,359	78.69%	2,372,562	3,432,402	69.12%
2009	8,050,420	10,453,685	77.01%	2,403,265	3,452,256	69.61%
2010	4,508,873	8,161,863	55.24%	3,652,990	3,192,067	114.44%
2011	4,365,166	8,015,300	54.46%	3,650,134	2,626,351	138.98%
2012	3,780,405	7,537,378	50.16%	3,756,973	2,582,322	145.49%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 355,725	\$ 355,725	100.00%
2009	352,164	352,164	100.00%
2010	351,094	351,094	100.00%
2011	385,921	385,921	100.00%
2012	317,526	317,526	100.00%
2013	402,326	402,326	100.00%

CITY OF BELVIDERE, ILLINOIS

Sheriff's Law Enforcement Personnel Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2013**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 216,263	\$ 223,654	96.70%	\$ 7,391	\$ 83,134	8.89%
2008	233,600	260,469	89.68%	26,869	86,753	30.97%
2009	254,248	296,873	85.64%	42,625	89,930	47.40%
2010	285,159	333,278	85.56%	48,119	88,041	54.66%
2011	313,972	357,742	87.76%	43,770	84,547	51.77%
2012	353,653	424,583	83.29%	70,930	92,918	76.34%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 10,974	\$ 10,974	100.00%
2009	11,469	11,469	100.00%
2010	11,754	11,754	100.00%
2011	12,828	12,828	100.00%
2012	12,986	12,986	100.00%
2013	14,728	14,728	100.00%

CITY OF BELVIDERE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2013**

Funding Progress

Actuarial Valuation Date Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 11,438,731	\$ 15,958,363	71.68%	\$ 4,519,632	\$ 2,155,617	209.67%
2008	11,554,956	17,853,258	64.72%	6,298,302	2,342,464	268.88%
2009	10,246,401	19,120,827	53.59%	8,874,426	2,370,392	374.39%
2010	11,809,698	20,930,524	56.42%	9,120,826	2,639,305	345.58%
2011	13,326,936	23,178,574	57.50%	9,851,638	2,653,724	371.24%
2012	14,313,423	24,197,811	59.15%	9,884,388	2,695,547	366.69%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 324,056	\$ 542,874	59.69%
2009	348,029	665,179	52.32%
2010	379,268	804,709	47.13%
2011	425,700	878,248	48.47%
2012	885,875	825,606	107.30%
2013	830,789	850,477	97.69%

CITY OF BELVIDERE, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2013**

Funding Progress

Actuarial Valuation Date Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 10,423,908	\$ 15,169,756	68.72%	\$ 4,745,848	\$ 1,572,663	301.77%
2008	10,363,002	17,072,790	60.70%	6,709,788	1,724,802	389.02%
2009	8,629,931	17,925,165	48.14%	9,295,234	1,795,369	517.73%
2010	9,994,840	19,081,563	52.38%	9,086,723	1,892,482	480.15%
2011	11,209,033	18,872,902	59.39%	7,663,869	1,789,464	428.28%
2012	12,019,717	18,825,035	63.85%	6,805,318	1,644,737	413.76%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 324,056	\$ 540,410	59.96%
2009	348,029	684,253	50.86%
2010	379,268	837,517	45.28%
2011	427,000	854,114	49.99%
2012	882,299	687,949	128.25%
2013	835,979	620,796	134.66%

CITY OF BELVIDERE, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2013**

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	-	5,425,522	0.00%	5,425,522	7,707,947	70.39%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	9,650,214	0.00%	9,650,214	7,015,524	137.56%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ N/A	\$ N/A	N/A
2009	145,431	430,230	33.80%
2010	104,544	430,230	24.30%
2011	136,323	430,230	31.69%
2012	145,431	423,874	34.31%
2013	352,408	667,256	52.81%

The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009 and had a subsequent actuarial valuation performed for the fiscal year ended April 30, 2012. Information for prior years is not available. The City is required to have an actuarial valuation performed triennially.

N/A - Not Available

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 7,224,917	7,176,505	7,192,997
Intergovernmental	5,522,632	6,100,688	6,165,395
Licenses and Permits	274,555	319,931	316,063
Fines and Forfeitures	729,940	758,302	783,960
Interest	13,000	15,771	17,309
Miscellaneous	706,433	702,394	500,002
Total Revenues	<u>14,471,477</u>	<u>15,073,591</u>	<u>14,975,726</u>
Expenditures			
Current			
General Government	2,283,121	2,439,413	2,013,541
Public Safety	9,766,321	9,760,620	9,748,690
Highways and Streets	1,553,624	1,528,636	1,538,168
Health and Social Services	28,000	23,000	23,000
Community and Economic Development	182,127	155,917	202,636
Total Expenditures	<u>13,813,193</u>	<u>13,907,586</u>	<u>13,526,035</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	658,284	1,166,005	1,449,691
Other Financing (Uses)			
Transfers Out	<u>(447,836)</u>	<u>(447,836)</u>	<u>(447,836)</u>
Net Change in Fund Balance	<u>210,448</u>	<u>718,169</u>	1,001,855
Fund Balance - Beginning			<u>7,770,209</u>
Fund Balance - Ending			<u><u>8,772,064</u></u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board (GASB), nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental – Special Revenue Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Proprietary Fund
- Combining Statements – Pension Trust Funds
- Budgetary Comparison Schedules – Pension Trust Funds
- Schedule of Changes in Assets and Liabilities – Agency Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for funds received from the State of Illinois Motor Fuel Tax to be used for operating and maintaining local streets and roads.

1990 Tax Incentive Finance District Fund

The 1990 Tax Incentive Finance District Fund is used to account for financing improvements and revitalization of property in the Downtown Belvidere Redevelopment Project Area.

Kishwaukee TIF Fund

The Kishwaukee TIF Fund is used to account for certain redevelopment project costs in connection with the designation of the Kishwaukee River Redevelopment Project Area.

Kishwaukee TIF #2 Fund

The Kishwaukee TIF #2 Fund is used to account for certain redevelopment project costs in connection with the designation of the Kishwaukee TIF Redevelopment Project Area.

1993 Tax Incentive Finance District Fund

The 1993 Tax Incentive Finance District Fund is used to account for redevelopment assistance in the Belvidere Plaza area.

Farmington Fund

The Farmington Fund is used to account for the maintenance of detention areas, which includes maintaining the ponds located in the Farmington Fields subdivision.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECT FUND

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary and Trust Funds.

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Water and Sewer Fund

The Water and Sewer Fund is used to account for the 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 account records are maintained on an enterprise fund basis. Accordingly, account classifications used are designed specifically for the water and sewer operations.

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

AGENCY FUND

Escrow Fund

The Escrow Fund is used to account for escrow monies held for developers.

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 4,601,900	4,401,837	4,401,837
Hotel/Motel Tax	4,915	3,775	3,788
Auto Rental Tax	5,400	4,622	4,622
Telecommunication Tax	184,224	187,026	173,155
Utility Tax	2,092,809	2,188,830	2,186,708
Replacement Tax	335,669	390,415	422,887
	<u>7,224,917</u>	<u>7,176,505</u>	<u>7,192,997</u>
Intergovernmental			
Grants	5,000	50,594	131,794
Sales and Use Tax	3,442,486	3,596,388	3,612,765
State Income Tax	2,075,146	2,453,706	2,420,836
	<u>5,522,632</u>	<u>6,100,688</u>	<u>6,165,395</u>
Licenses and Permits			
Liquor Licenses	55,500	143,350	143,350
Business Licenses	15,000	15,632	15,756
Building Permits	149,690	114,423	116,293
Electrical Permits	21,139	16,500	16,338
Plumbing Permits	13,650	11,835	11,598
HVAC Permits	5,387	6,370	6,460
Amusement Machine Licenses	5,800	4,800	4,800
Other	8,389	7,021	1,468
	<u>274,555</u>	<u>319,931</u>	<u>316,063</u>
Fines and Forfeitures			
Circuit Court Fines	282,000	308,717	316,527
Parking Fines	10,000	16,236	17,326
Engineering Fees	20,000	-	-
Electrician Certification Fees	4,500	3,200	3,550
Plan Review Fees	37,910	20,103	20,280
Sidewalk/Lot Grading	1,800	1,665	1,905
Franchise Fees	219,230	234,897	240,176
Death and Birth Certificates	13,500	20,124	20,716
Accident/Fire Reports	5,000	5,423	5,423
Annexation/Plat Fees	5,000	-	-
Seized Vehicle Fees	66,000	68,200	69,000

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Fines and Forfeitures - Continued			
Tipping Fees	\$ 60,000	76,877	80,019
Other	5,000	2,860	9,038
	<u>729,940</u>	<u>758,302</u>	<u>783,960</u>
Interest	13,000	15,771	17,309
Miscellaneous			
Reimbursements	407,602	441,058	186,514
Other	298,831	261,336	313,488
	<u>706,433</u>	<u>702,394</u>	<u>500,002</u>
Total Revenues	<u>14,471,477</u>	<u>15,073,591</u>	<u>14,975,726</u>

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
General Government			
General			
Employee Salaries	\$ 193,122	193,122	199,362
Elected Officials' Salaries	207,622	207,622	208,674
Health Insurance	232,806	137,693	144,393
Dental Insurance Claims Paid	35,000	20,743	20,885
Group Life Insurance	5,686	3,562	3,562
Meetings and Conferences	5,985	7,445	7,445
Office Supplies	75,620	41,071	41,071
Telephone	24,880	13,355	13,355
Communication	3,920	3,491	3,491
Subscriptions/Education Materials	1,100	340	340
Legal	53,710	6,824	7,036
Other Professional Fees	2,500	2,500	2,500
Codification	4,000	5,005	5,005
Repairs and Maintenance - Building	12,840	13,322	13,322
Repairs and Maintenance - Equipment	1,700	26	26
Reimbursements - Seized Vehicle	-	2,700	2,700
Comcast Charges	-	6,211	6,211
Historic Preservation	-	140	140
Other Supplies	7,000	5,976	5,976
Utility Tax Expenditure	-	67,818	67,818
Miscellaneous	45,464	309,637	314,769
	<u>912,955</u>	<u>1,048,603</u>	<u>1,068,081</u>
Audit			
Accounting and Audit	31,000	29,000	29,000
	<u>31,000</u>	<u>29,000</u>	<u>29,000</u>
IMRF	<u>294,503</u>	<u>253,198</u>	<u>186,923</u>
Social Security			
FICA	231,732	213,991	53,751
Medicare	108,942	105,082	105,335
	<u>340,674</u>	<u>319,073</u>	<u>159,086</u>
Tort Liability Insurance	<u>703,989</u>	<u>789,539</u>	<u>570,451</u>
Total General Government	<u>2,283,121</u>	<u>2,439,413</u>	<u>2,013,541</u>

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Salaries	\$ 3,025,612	3,025,612	2,946,475
Overtime	363,295	314,530	326,357
Health Insurance	629,068	590,376	592,168
Dental Insurance Claims Paid	42,000	28,273	31,447
Police Pension	826,000	820,789	820,789
Uniform Allowance	52,910	58,293	58,293
Training	60,900	61,338	61,338
Repairs and Maintenance - Vehicles	128,450	108,709	108,709
Telephone	37,680	37,414	37,414
Physical Exams	4,170	220	220
Community Policing	9,500	7,852	7,852
K-9 Expenditures	4,100	3,047	3,047
Office Supplies	8,905	9,424	9,424
Gas and Oil	152,197	123,257	133,202
Supplies	30,190	22,087	27,262
Equipment	20,795	54,021	54,021
Vehicles	-	38,532	34,550
Miscellaneous	36,600	29,458	29,458
	<u>5,432,372</u>	<u>5,333,232</u>	<u>5,282,026</u>
Public Safety Building			
Salaries	542,526	542,526	545,540
Other Contractual Services	152,074	164,015	166,347
	<u>694,600</u>	<u>706,541</u>	<u>711,887</u>
Fire Department			
Salaries	1,855,039	1,855,039	1,873,180
Overtime	140,000	180,000	194,466
Health Insurance	383,724	388,528	391,244
Dental Insurance Claims Paid	25,000	20,645	20,979
Fire Pension	831,200	825,979	825,980
Unemployment Compensation	-	37	37
Uniform Allowance	23,000	23,941	23,941
Training	22,000	21,644	21,644
Repairs and Maintenance - Building	20,000	35,453	35,453
Repairs and Maintenance - Vehicles	40,575	36,741	37,140

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department - Continued			
Telephone	\$ 12,880	10,048	10,048
Physical Exams	2,500	1,616	1,616
Fire Prevention	2,000	3,712	3,712
Office Supplies	11,500	10,111	10,111
Gas and Oil	21,100	21,686	23,400
Supplies	9,000	9,775	9,775
Equipment	25,000	31,247	31,247
Miscellaneous	1,000	501	501
	<u>3,425,518</u>	<u>3,476,703</u>	<u>3,514,474</u>
Police and Fire Commissions			
Physical Exams	9,455	9,608	9,608
Other Contractual Services	3,375	9,113	9,113
	<u>12,830</u>	<u>18,721</u>	<u>18,721</u>
Building Department			
Salaries	96,739	112,215	113,198
FICA and IMRF	20,909	20,880	20,865
Health Insurance	31,703	28,962	28,962
Dental Insurance Claims Paid	2,000	1,277	1,277
Unemployment Compensation	-	217	217
Training	1,850	1,281	1,281
Other Professional Services	30,500	30,050	30,050
Repairs and Maintenance - Equipment	2,000	322	322
Telephone	300	100	100
Postage	650	329	329
Printing and Publishing	1,500	1,253	1,254
Office Supplies	3,460	2,277	2,277
Gas and Oil	2,240	1,412	1,602
Miscellaneous	1,000	-	-
	<u>194,851</u>	<u>200,575</u>	<u>201,734</u>
Civil Defense			
Miscellaneous	6,150	24,848	19,848
	<u>6,150</u>	<u>24,848</u>	<u>19,848</u>
Total Public Safety	<u>9,766,321</u>	<u>9,760,620</u>	<u>9,748,690</u>

CITY OF BELVIDERE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Highways and Streets			
Street Department			
Salaries	\$ 536,511	536,511	530,279
Overtime	40,000	20,000	17,829
Health Insurance	151,536	157,213	156,021
Uniform Allowance	14,500	12,596	12,596
Training	2,880	3,614	3,659
Repairs and Maintenance - Storm Drain	24,720	25,732	25,732
Repairs and Maintenance - Parking Lot	88,200	63,840	63,840
Repairs and Maintenance - Sidewalk	40,000	38,090	38,090
Repairs and Maintenance - Building	13,500	9,776	9,776
Repairs and Maintenance - Equipment	87,520	116,008	116,008
Repairs and Maintenance - Traffic Lights	15,460	40,441	37,333
Telephone	7,800	4,924	4,924
Leaf Cleanup	14,880	4,483	4,483
Office Supplies	6,210	6,816	6,816
Gas and Oil	70,672	74,747	78,708
Supplies	14,900	21,537	21,537
Miscellaneous	2,100	1,605	1,605
	<u>1,131,389</u>	<u>1,137,933</u>	<u>1,129,236</u>
Street Lighting			
Repairs and Maintenance - Street Lights	10,000	30,319	30,319
Electricity	273,500	235,080	252,481
	<u>283,500</u>	<u>265,399</u>	<u>282,800</u>
Garbage			
Miscellaneous	47,000	43,651	44,479
Forestry			
Tree Removal/Purchase	39,000	62,684	62,684
Miscellaneous	1,000	-	-
	<u>40,000</u>	<u>62,684</u>	<u>62,684</u>
City Engineering			
Repairs and Maintenance - Vehicles	700	-	-
Engineering	20,000	13,925	13,925
Subdivision Expenditures	20,000	-	-

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
City Engineering - Continued			
Office Supplies	\$ 8,570	5,044	5,044
Gas and Oil	2,465	-	-
	<u>51,735</u>	<u>18,969</u>	<u>18,969</u>
Total Highways and Streets	<u>1,553,624</u>	<u>1,528,636</u>	<u>1,538,168</u>
Health and Social Services			
Health Regulations and Inspections			
Council on Aging	23,000	23,000	23,000
Demolition	5,000	-	-
	<u>28,000</u>	<u>23,000</u>	<u>23,000</u>
Total Health and Social Services	<u>28,000</u>	<u>23,000</u>	<u>23,000</u>
Community and Economic Development			
Planning Department Services	102,087	78,421	78,421
Economic Development	73,500	73,051	73,051
Sales Tax Reimbursement	-	-	46,719
Tourism	3,040	3,000	3,000
Historic Restoration	3,500	1,445	1,445
	<u>182,127</u>	<u>155,917</u>	<u>202,636</u>
Total Community and Economic Development	<u>182,127</u>	<u>155,917</u>	<u>202,636</u>
Total Expenditures	<u>13,813,193</u>	<u>13,907,586</u>	<u>13,526,035</u>

CITY OF BELVIDERE, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 40,000	39,772	39,772
Interest	500	226	239
Miscellaneous			
Reimbursements	-	2,667	2,667
Other	15,000	73,542	73,543
Total Revenues	55,500	116,207	116,221
Expenditures			
Capital Outlay			
Furniture	55,840	-	-
Equipment	11,000	14,080	14,080
Vehicles	207,800	249,276	249,276
Miscellaneous	40,000	4,124	2,200
Debt Service			
Principal Retirement	-	45,000	45,000
Interest and Fiscal Charges	-	10,840	10,840
Total Expenditures	314,640	323,320	321,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	(259,140)	(207,113)	(205,175)
Other Financing Sources			
Transfers In	305,840	305,840	305,840
Net Change in Fund Balance	46,700	98,727	100,665
Fund Balance - Beginning			151,853
Fund Balance - Ending			252,518

CITY OF BELVIDERE, ILLINOIS

Nonmajor Governmental Funds - Special Revenue Funds

Combining Balance Sheet

April 30, 2013

See Following Page

CITY OF BELVIDERE, ILLINOIS

Nonmajor Governmental Funds - Special Revenue Funds

**Combining Balance Sheet
April 30, 2013**

	Motor Fuel Tax	1990 Tax Incentive Finance District
ASSETS		
Cash and Cash Equivalents	\$ 526,362	49,023
Receivables - Net of Allowances		
Property Taxes	-	-
Other Taxes	43,999	-
Inventories/Land Held for Resale	-	-
Total Assets	<u>570,361</u>	<u>49,023</u>
LIABILITIES		
Accounts Payable	-	19,883
Due to Other Funds	-	-
Total Liabilities	<u>-</u>	<u>19,883</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	-	-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>19,883</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	570,361	29,140
Unassigned	-	-
Total Fund Balances	<u>570,361</u>	<u>29,140</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>570,361</u>	<u>49,023</u>

Kishwaukee TIF	Kishwaukee TIF #2	1993 Tax Incentive Finance District	Farmington	Totals
20,568	3,847	93	38,386	638,279
99,282	1,068	23,626	15,456	139,432
-	-	-	-	43,999
439,754	-	-	-	439,754
559,604	4,915	23,719	53,842	1,261,464
-	-	-	-	19,883
226,111	-	-	-	226,111
226,111	-	-	-	245,994
99,282	1,068	23,626	15,456	139,432
325,393	1,068	23,626	15,456	385,426
439,754	-	-	-	439,754
-	3,847	93	38,386	641,827
(205,543)	-	-	-	(205,543)
234,211	3,847	93	38,386	876,038
559,604	4,915	23,719	53,842	1,261,464

CITY OF BELVIDERE, ILLINOIS

Nonmajor Governmental Funds - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended April 30, 2013**

	Motor Fuel Tax	1990 Tax Incentive Finance District
Revenues		
Taxes	\$ -	303,060
Intergovernmental	735,506	-
Interest	649	923
Miscellaneous	-	15,000
Total Revenues	<u>736,155</u>	<u>318,983</u>
Expenditures		
General Government	-	939,943
Highways and Streets	456,924	-
Debt Service		
Interest and Fiscal Charges	-	-
Total Expenditures	<u>456,924</u>	<u>939,943</u>
Net Change in Fund Balances	279,231	(620,960)
Fund Balances - Beginning	<u>291,130</u>	<u>650,100</u>
Fund Balances - Ending	<u><u>570,361</u></u>	<u><u>29,140</u></u>

Kishwaukee TIF	Kishwaukee TIF #2	1993 Tax Incentive Finance District	Farmington	Totals
124,104	939	20,782	19,315	468,200
-	-	-	-	735,506
5	-	-	-	1,577
-	-	-	-	15,000
124,109	939	20,782	19,315	1,220,283
2,729	6,350	-	12,351	961,373
-	-	-	-	456,924
98,372	-	20,782	-	119,154
101,101	6,350	20,782	12,351	1,537,451
23,008	(5,411)	-	6,964	(317,168)
211,203	9,258	93	31,422	1,193,206
234,211	3,847	93	38,386	876,038

CITY OF BELVIDERE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 616,599	741,177	735,506
Interest	500	607	649
Miscellaneous	19,670	-	-
Total Revenues	<u>636,769</u>	<u>741,784</u>	<u>736,155</u>
Expenditures			
Highways and Streets			
Street Maintenance	<u>778,100</u>	<u>456,924</u>	<u>456,924</u>
Net Change in Fund Balance	<u>(141,331)</u>	<u>284,860</u>	279,231
Fund Balance - Beginning			<u>291,130</u>
Fund Balance - Ending			<u>570,361</u>

CITY OF BELVIDERE, ILLINOIS

1990 Tax Incentive Finance District - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 312,000	303,060	303,060
Interest	650	910	923
Miscellaneous	-	15,000	15,000
Total Revenues	<u>312,650</u>	<u>318,970</u>	<u>318,983</u>
Expenditures			
General Government			
Tax Distributions	636,050	21,025	21,025
Contractual Services	7,500	7,500	7,500
Miscellaneous	306,852	891,535	911,418
Total Expenditures	<u>950,402</u>	<u>920,060</u>	<u>939,943</u>
Net Change in Fund Balance	<u>(637,752)</u>	<u>(601,090)</u>	<u>(620,960)</u>
Fund Balance - Beginning			<u>650,100</u>
Fund Balance - Ending			<u>29,140</u>

CITY OF BELVIDERE, ILLINOIS

Kishwaukee TIF - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 152,000	124,104	124,104
Interest	15	5	5
Total Revenues	<u>152,015</u>	<u>124,109</u>	<u>124,109</u>
Expenditures			
General Government			
Miscellaneous	-	2,762	2,729
Debt Service			
Principal Retirement	10,935	-	-
Interest and Fiscal Charges	113,000	98,372	98,372
Total Expenditures	<u>123,935</u>	<u>101,134</u>	<u>101,101</u>
Net Change in Fund Balance	<u>28,080</u>	<u>22,975</u>	23,008
Fund Balance - Beginning			<u>211,203</u>
Fund Balance - Ending			<u>234,211</u>

CITY OF BELVIDERE, ILLINOIS

Kishwaukee TIF #2 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 7,600	939	939
Expenditures			
General Government	-	6,351	6,350
Net Change in Fund Balance	<u>7,600</u>	<u>(5,412)</u>	(5,411)
Fund Balance - Beginning			<u>9,258</u>
Fund Balance - Ending			<u>3,847</u>

CITY OF BELVIDERE, ILLINOIS

1993 Tax Incentive Finance District - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 24,100	20,782	20,782
Expenditures			
Debt Service			
Interest and Fiscal Charges	24,100	20,782	20,782
Net Change in Fund Balance	<u>-</u>	<u>-</u>	-
Fund Balance - Beginning			<u>93</u>
Fund Balance - Ending			<u><u>93</u></u>

CITY OF BELVIDERE, ILLINOIS

Farmington - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 23,100	19,315	19,315
Interest	1	-	-
Total Revenues	<u>23,101</u>	<u>19,315</u>	<u>19,315</u>
Expenditures			
General Government			
Repairs and Maintenance	18,000	12,351	12,351
Miscellaneous	1,120	-	-
Total Expenditures	<u>19,120</u>	<u>12,351</u>	<u>12,351</u>
Net Change in Fund Balance	<u>3,981</u>	<u>6,964</u>	6,964
Fund Balance - Beginning			<u>31,422</u>
Fund Balance - Ending			<u>38,386</u>

CITY OF BELVIDERE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water			
Customer Charges	\$ 2,295,525	2,453,082	2,473,853
Meter Sales	95,219	100,138	100,115
Sewer			
Customer Charges	3,262,593	3,535,652	3,525,099
Meter Sales	95,219	91,074	91,074
Other Revenue	41,200	30,935	41,148
Total Operating Revenues	<u>5,789,756</u>	<u>6,210,881</u>	<u>6,231,289</u>
Operating Expenses			
Operations			
Water	1,758,088	1,705,433	1,780,109
Sewer	5,102,753	2,906,138	1,670,906
Collection System	406,709	371,776	357,314
Depreciation	-	-	1,267,525
Total Operating Expenses	<u>7,267,550</u>	<u>4,983,347</u>	<u>5,075,854</u>
Operating Income (Loss)	<u>(1,477,794)</u>	<u>1,227,534</u>	<u>1,155,435</u>
Nonoperating Revenues (Expenses)			
Connection Fees	22,000	135,453	135,453
Interest and Fiscal Charges	(195,896)	(217,592)	(192,694)
Interest Income	33,000	32,019	39,873
	<u>(140,896)</u>	<u>(50,120)</u>	<u>(17,368)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(1,618,690)</u>	<u>1,177,414</u>	<u>1,138,067</u>
Transfers In	1,767,996	141,996	141,996
Capital Grants	357,956	3,257,809	358,907
Capital Contributions	-	-	1,715,867
Change in Net Position	<u>507,262</u>	<u>4,577,219</u>	<u>3,354,837</u>
Net Position - Beginning			<u>40,300,388</u>
Net Position - Ending			<u>43,655,225</u>

CITY OF BELVIDERE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Operations			
Water			
Salaries	\$ 484,334	484,334	487,790
Overtime	50,000	30,000	24,385
IMRF	119,224	105,314	69,968
FICA/Medicare	-	-	93,351
Group Health Insurance	143,550	190,853	189,669
Uniform Allowance	10,375	6,160	6,160
Repairs and Maintenance			
Infrastructure	33,795	33,029	35,345
Equipment	77,270	88,886	88,886
Building	3,700	7,302	7,302
Vehicles	12,200	18,817	18,817
Contractual	95,000	106,265	106,265
Other Professional Services	11,000	4,629	4,629
Telephone	13,000	10,798	10,799
Postage	15,000	17,442	18,211
Utilities	249,390	246,274	248,354
Liability Insurance	111,560	101,245	100,154
Equipment Rentals	25,046	18,367	18,367
Lab Expense	32,225	20,167	22,784
Office Supplies	9,355	6,156	6,156
Gas and Oil	20,149	25,348	25,348
Supplies	61,145	48,065	48,065
Chemicals	87,900	90,743	89,363
Equipment	55,000	-	-
Meters	24,830	38,272	53,912
Bad Debt Expense	5,000	2,958	1,976
Miscellaneous	8,040	4,009	4,053
Total Water	1,758,088	1,705,433	1,780,109

CITY OF BELVIDERE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Operations - Continued			
Sewer			
Salaries	\$ 588,352	588,352	590,278
Overtime	65,000	45,000	42,891
IMRF	147,487	111,949	77,290
Group Health Insurance	171,022	179,873	178,588
Uniform Allowance	15,000	19,136	19,136
Repairs and Maintenance			
Infrastructure	-	-	23,121
Lift Station	39,810	31,464	31,464
Building	1,620,000	74,735	74,735
Vehicles	21,400	32,340	32,340
Contractual	-	8,375	8,375
Consulting	-	33,000	-
Other Professional Services	52,675	2,817	35,817
Other Equipment Rental	11,385	5,055	5,055
Telephone	14,000	15,010	15,010
Travel	-	727	727
Postage	14,500	13,495	14,263
Utilities	270,000	186,614	220,828
Liability Insurance	132,477	121,029	119,733
Sludge Disposal	9,440	9,130	9,130
Lab Expense	58,000	50,799	50,799
Operating Supplies	11,940	9,979	13,268
Office Supplies	8,500	5,835	5,835
Gas and Oil	35,500	31,451	21,846
Chemicals	105,000	63,373	69,817
Equipment	1,681,000	1,257,048	-
Meters	20,500	6,060	6,060
Bad Debt Expense	5,000	1,590	2,572
Miscellaneous	4,765	1,902	1,928
Total Sewer	5,102,753	2,906,138	1,670,906

CITY OF BELVIDERE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Operations - Continued			
Collection System			
Salaries	\$ 179,368	179,368	182,631
Overtime	30,000	20,000	16,315
IMRF	49,718	44,656	30,976
Group Health Insurance	46,266	63,863	63,494
Uniform Allowance	5,650	3,872	3,872
Repairs and Maintenance			
Infrastructure	31,340	13,035	13,035
Equipment	8,000	3,449	3,449
Vehicles	10,000	7,543	7,543
Office Equipment Rental	14,837	12,560	12,561
Operating Supplies	18,000	12,010	12,018
Gas and Oil	11,000	10,891	10,891
Miscellaneous	2,530	529	529
Total Collection System	406,709	371,776	357,314
Depreciation	-	-	1,267,525
Total Operating Expenses	7,267,550	4,983,347	5,075,854

CITY OF BELVIDERE, ILLINOIS

Pension Trust Funds

**Combining Statement of Fiduciary Net Position
April 30, 2013**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 9,327	58,972	68,299
Investments			
U.S. Government and Agency Obligations	5,602,494	3,255,494	8,857,988
Corporate Bonds	2,419,150	-	2,419,150
Equities	1,249,957	5,591,626	6,841,583
Mutual Funds	6,041,531	-	6,041,531
Money Market Mutual Funds	108,278	378,910	487,188
Insurance Contracts	383,187	2,923,953	3,307,140
Receivables - Accrued Interest	76,702	24,149	100,851
Prepays	517	13,085	13,602
Total Assets	15,891,143	12,246,189	28,137,332
LIABILITIES			
Accounts Payable	5,016	4,260	9,276
NET POSITION			
Net Position Held in Trust for Pension Benefits	15,886,127	12,241,929	28,128,056

CITY OF BELVIDERE, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2013**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 830,789	835,979	1,666,768
Contributions - Plan Members	308,038	185,843	493,881
Total Contributions	1,138,827	1,021,822	2,160,649
Investment Income			
Interest Earned	558,266	214,773	773,039
Net Change in Fair Value	714,132	652,702	1,366,834
	1,272,398	867,475	2,139,873
Less Investment Expenses	(53,403)	(68,666)	(122,069)
Net Investment Income	1,218,995	798,809	2,017,804
Total Additions	2,357,822	1,820,631	4,178,453
Deductions			
Administration	30,001	26,964	56,965
Benefits and Refunds	755,117	875,480	1,630,597
Total Deductions	785,118	902,444	1,687,562
Change in Net Position	1,572,704	918,187	2,490,891
Net Position Held in Trust for Pension Benefits			
Beginning	14,313,423	11,323,742	25,637,165
Ending	15,886,127	12,241,929	28,128,056

CITY OF BELVIDERE, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 836,000	830,789	830,789
Contributions - Plan Members	280,000	280,000	308,038
Total Contributions	1,116,000	1,110,789	1,138,827
Investment Income			
Interest Income	850,000	850,000	558,266
Net Change in Fair Value	-	-	714,132
	850,000	850,000	1,272,398
Less Investment Expenses			(53,403)
Net Investment Income	850,000	850,000	1,218,995
Total Additions	1,966,000	1,960,789	2,357,822
Deductions			
Administration	70,000	70,000	30,001
Benefits and Refunds	730,000	730,000	755,117
Total Deductions	800,000	800,000	785,118
Change in Net Position	1,166,000	1,160,789	1,572,704
Net Position Held in Trust for Pension Benefits			
Beginning			<u>14,313,423</u>
Ending			<u>15,886,127</u>

CITY OF BELVIDERE, ILLINOIS

Firefighters' Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 841,200	835,979	835,979
Contributions - Plan Members	200,000	200,000	185,843
Total Contributions	<u>1,041,200</u>	<u>1,035,979</u>	<u>1,021,822</u>
Investment Income			
Interest Income	850,000	850,000	214,773
Net Change in Fair Value	-	-	652,702
	<u>850,000</u>	<u>850,000</u>	<u>867,475</u>
Less Investment Expenses	-	-	(68,666)
Net Investment Income	<u>850,000</u>	<u>850,000</u>	<u>798,809</u>
Total Additions	<u>1,891,200</u>	<u>1,885,979</u>	<u>1,820,631</u>
Deductions			
Administration	70,000	70,000	26,964
Benefits and Refunds	890,000	890,000	875,480
Total Deductions	<u>960,000</u>	<u>960,000</u>	<u>902,444</u>
Change in Net Position	<u>931,200</u>	<u>925,979</u>	918,187
Net Position Held in Trust for Pension Benefits			
Beginning			<u>11,323,742</u>
Ending			<u>12,241,929</u>

CITY OF BELVIDERE, ILLINOIS

Escrow - Agency Fund

**Schedule of Changes in Assets and Liabilities
April 30, 2013**

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u> <u>Balances</u>
ASSETS				
Cash and Cash Equivalents	\$ 856,604	33,903	-	890,507
LIABILITIES				
Due to Developers	42,278	-	4,000	38,278
Due to Other Governments	814,326	37,903	-	852,229
Total Liabilities	856,604	37,903	4,000	890,507

**IDA PUBLIC LIBRARY
COMPONENT UNIT**

**Statement of Net Position and Balance Sheet - Governmental Fund
April 30, 2013**

	Balance Sheet	Adjustments	Statement of Net Position
ASSETS			
Current Assets			
Cash and Investments	\$ 594,484	-	594,484
Receivables - Net of Allowances			
Taxes	650,021	-	650,021
Prepays	8,480	-	8,480
Total Current Assets	<u>1,252,985</u>	<u>-</u>	<u>1,252,985</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	181,150	181,150
Depreciable	-	1,940,188	1,940,188
Accumulated Depreciation	-	(896,525)	(896,525)
Total Noncurrent Assets	<u>-</u>	<u>1,224,813</u>	<u>1,224,813</u>
Total Assets	<u>1,252,985</u>	<u>1,224,813</u>	<u>2,477,798</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	10,439	-	10,439
Accrued Payroll	9,910	-	9,910
Other Payables	22,000	-	22,000
Compensated Absences Payable	-	2,080	2,080
Mortgage Loans Payable	-	12,371	12,371
Total Current Liabilities	<u>42,349</u>	<u>14,451</u>	<u>56,800</u>
Noncurrent Liabilities			
Compensated Absences	-	8,320	8,320
Mortgage Loans Payable	-	371,534	371,534
Total Noncurrent Liabilities	<u>-</u>	<u>379,854</u>	<u>379,854</u>
Total Liabilities	<u>42,349</u>	<u>394,305</u>	<u>436,654</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	650,021	-	650,021
Total Liabilities and Deferred Inflows of Resources	<u>692,370</u>	<u>394,305</u>	<u>1,086,675</u>
FUND BALANCES/NET POSITION			
Net Investment in Capital Assets	-	840,908	840,908
Nonspendable	8,480	(8,480)	-
Restricted - Donor Specific	87,539	-	87,539
Committed - Public Library	464,596	(1,920)	462,676
Total Fund Balances	<u>560,615</u>	<u>830,508</u>	<u>1,391,123</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	<u>1,252,985</u>	<u>1,224,813</u>	<u>2,477,798</u>

**IDA PUBLIC LIBRARY
COMPONENT UNIT**

**Statement of Activities and Statement of Revenues, Expenditures and
Changes in Fund Balances/Net Position - Governmental Fund
Year Ended April 30, 2013**

	Budget		Actual	Adjustments	Statement of Activities
	Original	Final			
Revenues					
Taxes					
Property Taxes	\$ 600,000	638,204	638,330	-	638,330
Replacement Taxes	40,000	38,889	38,889	-	38,889
Grants and Contributions	24,000	24,000	144,939	-	144,939
Charges for Services	49,000	49,000	35,929	-	35,929
Interest Income	-	-	2,021	-	2,021
Miscellaneous	90,000	90,000	82,616	-	82,616
Total Revenues	803,000	840,093	942,724	-	942,724
Expenditures					
Current					
Culture and Recreation	803,000	803,000	835,692	(14,043)	821,649
Capital Outlay	-	-	77,696	(77,696)	-
Debt Service					
Principal Retirement	-	-	7,958	(7,958)	-
Interest and Fiscal Charges	-	-	19,569	-	19,569
Total Expenditures/Expenses	803,000	803,000	940,915	(99,697)	841,218
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	-	37,093	1,809	99,697	101,506
Other Financing Sources					
Debt Issuance	-	-	77,696	(77,696)	-
Net Change in Fund Balances/Net Position					
	-	37,093	79,505	22,001	101,506
Fund Balances/Net Position - Beginning as Restated					
			481,110	808,507	1,289,617
Fund Balances/Net Position - Ending					
			560,615	830,508	1,391,123

SUPPLEMENTAL SCHEDULES

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

Brownfield Revolving Loan Payable

April 30, 2013

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2014	\$ -	-	-
2015	-	-	-
2016	-	-	-
2017	8,750	-	8,750
2018	8,750	-	8,750
2019	8,750	-	8,750
2020	8,750	-	8,750
2021	8,750	-	8,750
2022	8,750	-	8,750
2023	8,750	-	8,750
2024	8,750	-	8,750
2025	8,750	-	8,750
2026	8,750	-	8,750
2027	8,750	-	8,750
2028	8,750	-	8,750
2029	8,750	-	8,750
2030	8,750	-	8,750
2031	8,750	-	8,750
2032	8,750	-	8,750
	140,000	-	140,000

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

**IEPA Wastewater Treatment Works Loan Payable
April 30, 2013**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2014	\$ 97,359	26,393	123,752
2015	98,581	25,171	123,752
2016	99,817	23,935	123,752
2017	101,068	22,684	123,752
2018	102,335	21,417	123,752
2019	103,619	20,133	123,752
2020	104,917	18,835	123,752
2021	106,233	17,519	123,752
2022	107,565	16,187	123,752
2023	108,914	14,838	123,752
2024	110,280	13,472	123,752
2025	111,662	12,090	123,752
2026	113,062	10,690	123,752
2027	114,480	9,272	123,752
2028	115,916	7,836	123,752
2029	117,369	6,383	123,752
2030	118,841	4,911	123,752
2031	120,331	3,421	123,752
2032	121,840	1,912	123,752
2033	61,485	384	61,869
	<u>2,135,674</u>	<u>277,483</u>	<u>2,413,157</u>

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Debt Certificates of 2005
April 30, 2013**

Date of Issue	July 19, 2005
Date of Maturity	August 1, 2025
Authorized Issue	\$1,000,000
Denomination of Bonds	\$5,000
Interest Rates	Variable
Interest Dates	August 1 and February 1
Principal Maturity Date	August 1
Payable at	The Belvidere National Bank and Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2014	\$ 45,000	10,188	55,188
2015	45,000	9,535	54,535
2016	50,000	8,846	58,846
2017	50,000	8,121	58,121
2018	50,000	7,396	57,396
2019	55,000	6,635	61,635
2020	55,000	5,837	60,837
2021	60,000	5,003	65,003
2022	60,000	4,133	64,133
2023	60,000	3,264	63,264
2024	65,000	2,357	67,357
2025	65,000	1,415	66,415
2026	65,098	472	65,570
	<u>725,098</u>	<u>73,202</u>	<u>798,300</u>

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Alternate Revenue Source Bonds of 2003
April 30, 2013**

Date of Issue	December 16, 2002
Date of Maturity	May 1, 2015
Authorized Issue	\$5,610,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% - 4.25%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1
Payable at	The Depository Trust Company, New York, NY

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2014	\$ 555,000	45,775	600,775
2015	575,000	23,575	598,575
	<u>1,130,000</u>	<u>69,350</u>	<u>1,199,350</u>

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Revenue Refunding Bonds of 2003
April 30, 2013**

Date of Issue	October 6, 2003
Date of Maturity	February 1, 2014
Authorized Issue	\$1,760,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% - 5.00%
Interest Dates	August 1 and February 1
Principal Maturity Date	February 1
Payable at	LaSalle Bank National Association, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		
	Principal	Interest	Totals
2014	\$ 195,000	9,750	204,750

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Revenue Refunding Bonds of 2013
April 30, 2013**

Date of Issue	February 4, 2013
Date of Maturity	August 1, 2020
Authorized Issue	\$2,115,000
Denomination of Bonds	\$5,000
Interest Rates	1.35% - 2.40%
Interest Dates	August 1 and February 1
Principal Maturity Date	August 1
Payable at	Alpine Bank and Trust Company, Rockford IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2014	\$ -	38,133	38,133
2015	200,000	38,790	238,790
2016	205,000	35,903	240,903
2017	250,000	32,302	282,302
2018	400,000	26,540	426,540
2019	400,000	18,840	418,840
2020	400,000	10,540	410,540
2021	260,000	3,120	263,120
	<u>2,115,000</u>	<u>204,168</u>	<u>2,319,168</u>

CITY OF BELVIDERE, ILLINOIS

**Assessed Valuations, Tax Rates and Tax Extensions - Last Four Tax Levy Years
April 30, 2013**

	2009	2010	2011	2012
Assessed Valuations				
City	\$ 447,767,822	395,816,101	352,948,663	332,246,506
Library	\$ 447,767,822	390,788,864	352,762,603	332,246,505
Tax Rates - City				
Corporate	0.37899	0.43485	0.43750	0.57608
IMRF	0.03400	0.01520	0.01700	0.02036
Fire Protection	0.06561	0.00030	0.00142	0.01253
Fire Pension	0.08348	0.20590	0.23551	0.17874
Police Protection	0.06561	0.00030	0.00142	0.01253
Police Pension	0.08348	0.20680	0.23403	0.25066
Garbage	0.00222	0.00130	0.00425	0.00783
Audit	0.00577	0.00380	0.00425	0.00627
Street Lighting	0.04655	0.05000	0.05000	0.06888
Public Benefit	-	0.01010	0.01134	0.01253
Civil Defense	0.00149	0.00170	0.00193	0.00220
Social Security	0.05209	0.04550	0.05381	0.06106
Forestry	0.01330	0.01010	0.01134	0.01253
Special Road and Bridge	0.01441	0.01390	0.01559	0.01879
Tort Judgment/Liability Insurance	0.07093	0.05050	0.06517	0.12790
Insurance	0.01840	0.02020	0.02267	0.02818
	0.93633	1.07045	1.16723	1.39707
Tax Rates - Library				
Corporate	0.13886	0.16019	0.18200	0.20351
Total Tax Rates	1.07519	1.23064	1.34923	1.60058
Tax Extensions - City				
Corporate	\$ 1,696,995	1,721,206	1,544,150	1,840,028
IMRF	152,241	60,164	60,001	65,031
Fire Protection	293,780	1,187	5,012	40,021
Fire Pension	373,797	814,985	831,229	570,904
Police Protection	293,780	1,187	5,012	40,021
Police Pension	373,797	818,548	826,006	800,620
Garbage	9,940	5,146	15,000	25,010
Audit	25,836	15,041	15,000	20,027
Street Lighting	208,436	197,908	176,474	220,006
Public Benefit	-	39,977	40,024	40,021
Civil Defense	6,672	6,729	6,812	7,027
Social Security	233,242	180,096	189,922	195,029
Forestry	59,553	39,977	40,024	40,021
Special Road and Bridge	64,523	55,018	55,025	60,016
Tort Judgment/Liability Insurance	317,602	199,887	230,017	408,519
Insurance	82,389	79,955	80,013	90,008
	4,192,584	4,237,013	4,119,723	4,462,309
Tax Extensions - Library				
Corporate	621,770	626,005	642,028	676,155
Total Tax Extensions	4,814,355	4,863,018	4,761,751	5,138,464

CITY OF BELVIDERE, ILLINOIS

**Property Tax Levies and Collections - Last Ten Tax Levy Years
April 30, 2013**

Tax Levy Year	Tax Levy Extensions	Total Collections to Date	
		Amount (1)	Percentage of Levy
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	4,093,709	99.37%

(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.

CITY OF BELVIDERE, ILLINOIS

**Legal Debt Margin - Last Four Fiscal Years
April 30, 2013**

	2009	2010	2011	2012
Assessed Valuation	\$ 447,767,822	395,816,101	352,948,663	332,246,506
Bonded Debt Limit - 8.625% of Assessed Value	38,619,975	34,139,139	30,441,822	28,656,261
Amount of Debt Applicable to Limit	850,210	810,982	770,982	725,098
Legal Debt Margin	37,769,765	33,328,157	29,670,840	27,931,163
Percentage of Legal Debt Margin to Bonded Debt Limit	97.80%	97.62%	97.47%	97.47%