



CITY OF BELVIDERE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2020



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Prepared By

Becky Tobin
Finance/Budget Officer

CITY OF BELVIDERE, ILLINOIS
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CITY OF BELVIDERE, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2020

LEGISLATIVE

ELECTED OFFICIALS

Mayor: Mike Chamberlain

City Clerk: Sara Turnipseed

Treasurer: Cory Thornton

Ward 1 Alderman:

Ward 1 Alderman:

Tom Porter

Clayton Stevens

Ward 2 Alderman:

Ward 2 Alderman:

Daniel Arevalo

Daniel Snow

Ward 3 Alderman:

Ward 3 Alderman:

Thomas Ratcliffe

Wendy Frank

Ward 4 Alderman:

Ward 4 Alderman:

Mike McGee

Matt Fleury

Ward 5 Alderman:

Ward 5 Alderman:

Marsha Freeman

Ric Brereton

ADMINISTRATIVE

Police Chief:

Shane Woody

Fire Chief:

Allen Hyser

Finance/Budget Officer:

Becky Tobin

Public Works Director:

Brent Anderson

Building Director:

Kip Countryman

City Attorney:

Mike Drella

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois (the City), as of and for the year ended April 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Ida Public Library, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The City adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, which required a liability and deferred outflow of resources to be recorded in the business-type activities, and GASB Statement No. 84, *Fiduciary Activities*, which changed the reporting of certain fiduciary funds during the current fiscal year. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted the schedule of changes in the employer's net pension liability and related ratios and the schedule of investment returns for the Police Pension Fund and Firefighters' Pension Fund for April 30, 2015 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
September 16, 2020

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Naperville, IL 60563
630.566.8400

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois (the City) as of and for the year ended April 30, 2020, and the related notes to financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated September 16, 2020. The financial statements of Ida Public Library, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Ida Public Library.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
September 16, 2020

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2020

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, 2020. Please read it in conjunction with the City's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- The City of Belvidere's net position decreased as a result of this year's operations. While net position of business-type activities decreased by \$346,754, or 0.8 percent, net position of the governmental activities decreased by \$1,961,888.
- During the year, government-wide revenues before transfers for the primary government totaled \$26,689,872 while expenses totaled \$28,998,514 resulting in a decrease to net position of \$2,308,642.
- The City's net position totaled \$35,734,013 on April 30, 2020, which includes \$57,695,862 net investment in capital assets, \$1,078,108 subject to external restrictions, and \$(23,039,957) unrestricted net deficit that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$571,237 resulting in an ending fund balance of \$11,040,593 which is an increase of 5.4 percent. This increase was the result of new revenue streams that were implemented during the fiscal year 2019.

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 6 - 9) 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 12. 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 6–9 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.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2020

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.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2020

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, which is considered a major fund. Data from the other seven 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 10-13 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 14-18 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 19-20 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 20-77 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 78-119 of this report.

CITY OF BELVIDERE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

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 120 - 126 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 \$35,734,013.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current/Other Assets	\$ 19,687,387	18,368,298	6,609,695	7,392,333	26,297,082	25,760,631
Capital Assets	22,531,770	23,566,137	40,199,729	39,918,174	62,731,499	63,484,311
Total Assets	42,219,157	41,934,435	46,809,424	47,310,507	89,028,581	89,244,942
Deferred Outflows	6,250,600	3,314,512	827,532	888,429	7,078,132	4,202,941
Total Assets and Deferred Outflows	48,469,757	45,248,947	47,636,956	48,198,936	96,106,713	93,447,883
Long-Term Liabilities	42,225,600	38,589,175	4,005,539	4,691,653	46,231,139	43,280,828
Other Liabilities	4,500,225	3,968,516	292,137	217,674	4,792,362	4,186,190
Total Liabilities	46,725,825	42,557,691	4,297,676	4,909,327	51,023,501	47,467,018
Deferred Inflows	8,667,992	7,653,428	681,207	284,782	9,349,199	7,938,210
Total Assets and Deferred Outflows	55,393,817	50,211,119	4,978,883	5,194,109	60,372,700	55,405,228
Net Position						
Net Investment in Capital Assets	18,924,111	19,841,132	38,771,751	38,125,279	57,695,862	57,966,411
Restricted	1,078,108	1,464,646	-	66,560	1,078,108	1,531,206
Unrestricted (Deficit)	(26,926,279)	(26,267,950)	3,886,322	4,812,988	(23,039,957)	(21,454,962)
Total Net Position	(6,924,060)	(4,962,172)	42,658,073	43,004,827	35,734,013	38,042,655

A large portion of the City’s net position, \$57,695,862 or 161.4 percent, reflects its net investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BELVIDERE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion, \$1,078,108 or 3.0 percent, of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remaining (64.0) percent, or \$(23,039,957), represents unrestricted net deficit. At year-end, the City is able to report positive balances in the business-type activities, but has a negative balance for governmental activities.

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 1,643,291	1,688,671	5,663,893	5,680,817	7,307,184	7,369,488
Operating Grants/Contrib.	1,096,568	767,309	5,990	-	1,102,558	767,309
Capital Grants/Contrib.	205,959	440,185	30,270	-	236,229	440,185
General Revenues						
Property Taxes	5,298,344	5,304,678	-	-	5,298,344	5,304,678
Utility Taxes	1,815,989	1,994,345	-	-	1,815,989	1,994,345
Replacement Taxes	551,483	409,526	-	-	551,483	409,526
Other Taxes	1,026,461	868,407	-	-	1,026,461	868,407
Sales and Use Taxes	5,676,025	4,636,949	-	-	5,676,025	4,636,949
Income Taxes	2,773,012	2,484,021	-	-	2,773,012	2,484,021
Other General Revenues	703,910	834,408	198,677	186,214	902,587	1,020,622
Total Revenues	20,791,042	19,428,499	5,898,830	5,867,031	26,689,872	25,295,530
Expenses						
General Government	2,735,244	2,838,787	-	-	2,735,244	2,838,787
Public Safety	14,134,916	13,105,034	-	-	14,134,916	13,105,034
Highways and Streets	4,804,963	3,606,542	-	-	4,804,963	3,606,542
Health and Social Services	464,453	24,630	-	-	464,453	24,630
Community/Economic Devel.	209,828	736,461	-	-	209,828	736,461
Interest on Long-Term Debt	403,526	408,601	-	-	403,526	408,601
Water and Sewer	-	-	6,245,584	6,145,749	6,245,584	6,145,749
Total Expenses	22,752,930	20,720,055	6,245,584	6,145,749	28,998,514	26,865,804
Change in Net Position						
Before Transfers	(1,961,888)	(1,291,556)	(346,754)	(278,718)	(2,308,642)	(1,570,274)
Transfers in (out)	-	473,115	-	(473,115)	-	-
Change in Net Position	(1,961,888)	(818,441)	(346,754)	(751,833)	(2,308,642)	(1,570,274)
Net Position - Beginning as Restated	(4,962,172)	(4,143,731)	43,004,827	43,756,660	38,042,655	39,612,929
Net Position - Ending	(6,924,060)	(4,962,172)	42,658,073	43,004,827	35,734,013	38,042,655

CITY OF BELVIDERE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

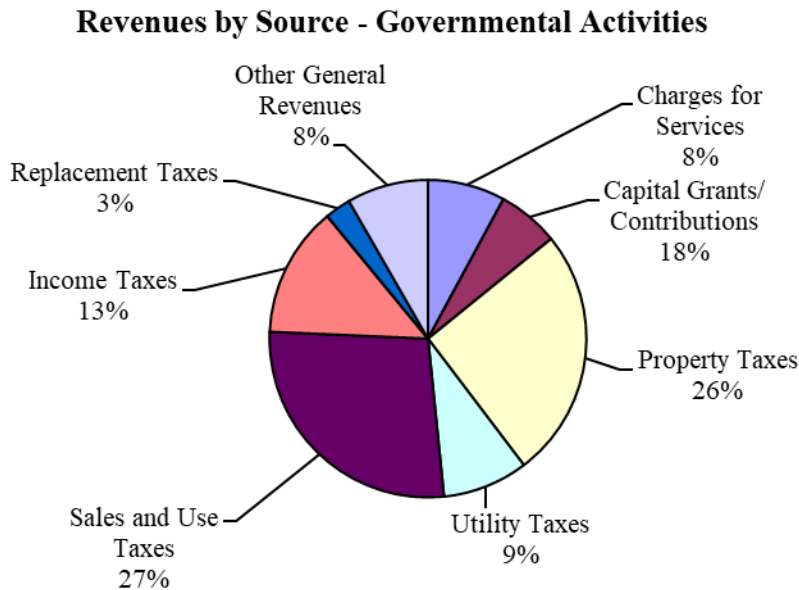
Net position of the City of Belvidere’s governmental activities decreased by 38.5 percent to \$(6,924,060) in 2020 compared to \$(4,962,172) in 2019. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$(26,926,279) at April 30, 2020.

Net position of the business-type activities decreased by 0.8 percent to \$42,658,073 in 2020 compared to \$43,004,827 in 2019.

Governmental Activities

Revenues for governmental activities totaled \$20,791,042 while the cost of all governmental functions totaled \$22,752,930. This results in a deficit of \$1,961,888 and there were no transfers out. In 2019, revenues of \$19,901,614 were less than expenses of \$20,720,055 resulting in a deficit of \$818,441 and there were no transfers out.

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



CITY OF BELVIDERE, ILLINOIS

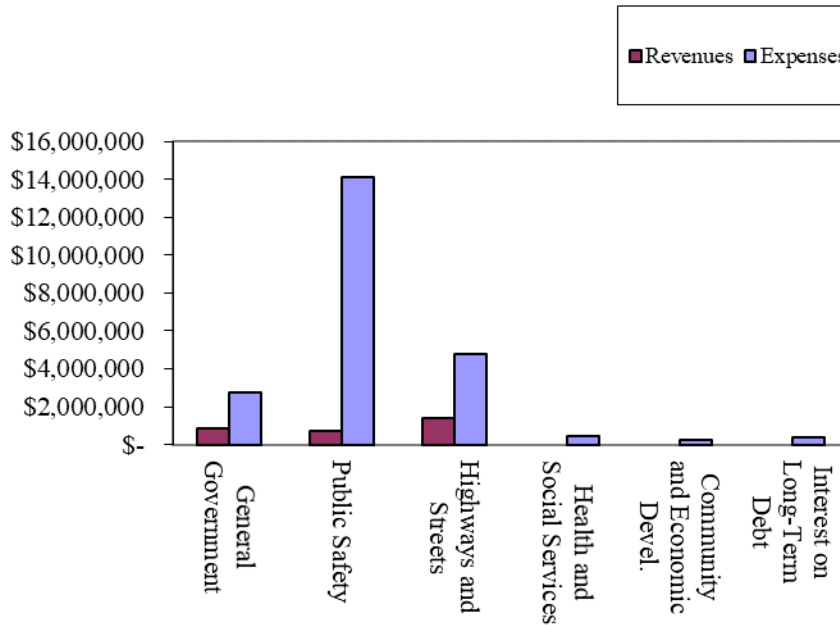
**Management’s Discussion and Analysis
April 30, 2020**

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

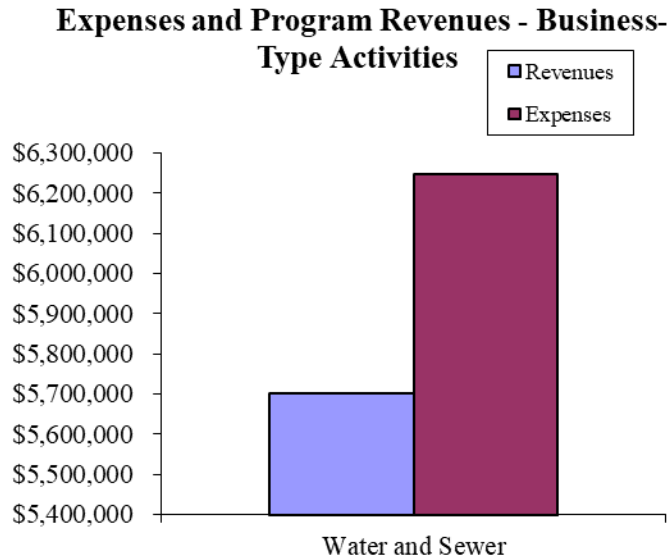
Business-Type activities posted total program revenues of \$5,700,153, while the cost of all business-type activities totaled \$6,245,584. This results in a deficit of \$545,431 and there were no transfers. In 2019, revenues of \$5,867,031, while the cost of all business-type activities totaled \$6,618,864 resulting in a surplus of \$751,833 and there were no transfers.

CITY OF BELVIDERE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-Type Activities – Continued



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

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

Governmental Funds

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

The City’s governmental funds reported combining ending fund balances of \$13,659,920, which is \$1,164,175, or 9.3 percent, higher than last year’s total of \$12,495,745. Of the \$13,659,920 total, \$10,338,348, or approximately 75.7 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$571,237, an increase of 4.0 percent. This was due in large part to new revenue sources that were approved during fiscal year 2019. Budgeted expenditures totaled \$16,803,022 while actual expenditures totaled \$16,911,379. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2020

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, 2020, unassigned fund balance in the General Fund was \$10,340,527 which represents 93.6 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 61.0 percent of total General Fund expenditures.

The Nonmajor Funds realized an increase in fund balance of \$592,938 as a result of a capital fund project that had not been expensed by the end of FY 2020.

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 decrease in the Water/Sewer Fund during the current fiscal year was \$346,754 while the previous fiscal year reported a decrease of \$751,833. Unrestricted net position in the Water/Sewer Fund totaled \$3,886,322 at April 30, 2020.

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 \$19,316,525, compared to budgeted revenues of \$19,355,387. The actual revenues were \$206,159 higher than the original budget of \$19,110,366.

The General Fund actual expenditures for the year were \$405,140 lower than the original budget of \$17,316,519. The general government function's actual expenditures were lower than budgeted expenditures by \$178,932.

CITY OF BELVIDERE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2020**

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, 2020 was \$62,731,499 (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	
	2020	2019	2020	2019	2020	2019
Land	\$ 963,418	523,664	696,551	696,551	1,659,969	1,220,215
Construction in Progress	264,053	198,935	1,787,477	656,517	2,051,530	855,452
Land Improvements	38,750	40,328	-	-	38,750	40,328
Infrastructure	17,128,105	18,737,569	-	-	17,128,105	18,737,569
Building and Improvements	1,706,216	1,721,318	950,738	978,782	2,656,954	2,700,100
Water Transmission System	-	-	10,801,102	11,048,411	10,801,102	11,048,411
Sewer Collection System	-	-	22,919,671	23,660,317	22,919,671	23,660,317
Equipment	812,526	669,709	2,925,694	2,741,338	3,738,220	3,411,047
Vehicles	1,618,702	1,674,614	118,496	136,258	1,737,198	1,810,872
Total	22,531,770	23,566,137	40,199,729	39,918,174	62,731,499	63,484,311

Governmental Activities

Land	\$ 439,754
Construction in Progress	205,118
Buildings and improvements	284,316
Equipment	316,055
Vehicles	225,423
	<u>\$ 1,470,666</u>

Business-Type Activities

Construction in Progress	\$ 1,538,036
Equipment	442,617
Vehicles	-
	<u>\$ 1,980,653</u>

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

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Belvidere had total outstanding debt of \$5,390,637 as compared to \$5,922,900 the previous year, a decrease of 9.0 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Debt Certificates	\$ 375,098	430,098	-	-	375,098	430,098
Tax Increment Revenue Notes	3,036,000	3,036,000	-	-	3,036,000	3,036,000
Capital Lease	196,561	258,907	-	-	196,561	258,907
Landfill Post Closure Costs	355,000	405,000	-	-	355,000	405,000
IEPA Loan	-	-	1,427,978	1,532,895	1,427,978	1,532,895
Alternate Revenue Bonds	-	-	-	260,000	-	260,000
Total	3,962,659	4,130,005	1,427,978	1,792,895	5,390,637	5,922,900

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.

Additional information on the City of Belvidere's long-term debt can be found in Note 3 on pages 34 - 38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Covid-19 began to impact the City of Belvidere in the middle of March 2020 when many businesses were ordered to shut down by the governor. The true economic impact of the virus was not fully recognized until after FY 20 had already ended (after April 30, 2020).

Despite Covid-19, there were 7 new homes built and multiple commercial projects that were completed during FY20. Those projects include the renovations at General Mills and a large addition at Walmart.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2020

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 2020 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, 2020, for the City of Belvidere was 27.6% and Boone County was 23.5%. The state and national unemployment rates were 16.4 and 14.7 percent, respectively. The Coronavirus job losses had a huge effect on the unemployment rate at this time. Many businesses were completely shut down for the month of April including the Belvidere Chrysler plant.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2020

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Ida Public Library
ASSETS				
Cash and investments	\$ 11,883,801	\$ 5,517,328	\$ 17,401,129	\$ 712,095
Receivables, net where applicable of allowance for uncollectibles				
Property taxes	5,299,797	-	5,299,797	726,224
Sales taxes	1,066,610	-	1,066,610	-
Income taxes	219,847	-	219,847	-
Telecommunications tax	185,970	-	185,970	-
Accounts	-	730,319	730,319	-
Accrued interest	41,919	95,957	137,876	-
Other	325,780	-	325,780	31,981
Prepaid expenses	317,850	201,377	519,227	10,983
Land held for resale	345,813	-	345,813	-
Inventory	-	64,714	64,714	-
Capital assets not being depreciated	1,227,471	2,484,028	3,711,499	290,999
Capital assets being depreciated, net of accumulated depreciation	21,304,299	37,715,701	59,020,000	537,973
Total assets	42,219,157	46,809,424	89,028,581	2,310,255
DEFERRED OUTFLOWS OF RESOURCES				
Asset retirement obligation	-	197,446	197,446	-
Pension items - IMRF (Regular)	190,909	196,632	387,541	52,545
Pension items - IMRF (SLEP)	60,824	-	60,824	-
Pension items - Police Pension	2,162,896	-	2,162,896	-
Pension items - Firefighters' Pension	1,674,441	-	1,674,441	-
Pension items - OPEB	2,161,530	433,454	2,594,984	12,451
Total deferred outflows of resources	6,250,600	827,532	7,078,132	64,996
Total assets and deferred outflows of resources	48,469,757	47,636,956	96,106,713	2,375,251
LIABILITIES				
Accounts payable	228,596	259,576	488,172	-
Accrued payroll	122,603	23,636	146,239	6,180
Deposits payable	376,471	-	376,471	-
Unearned revenue	-	-	-	2,500
Interest payable	3,772,555	8,925	3,781,480	-
Long-term liabilities				
Due within one year	546,388	192,324	738,712	103,962
Due in more than one year	41,679,212	3,813,215	45,492,427	424,615
Total liabilities	46,725,825	4,297,676	51,023,501	537,257
DEFERRED INFLOWS OF RESOURCES				
Pension items - IMRF (Regular)	668,291	681,207	1,349,498	157,558
Pension items - IMRF (SLEP)	48,645	-	48,645	-
Pension items - Police Pension	1,656,668	-	1,656,668	-
Pension items - Firefighters' Pension	994,591	-	994,591	-
Deferred revenue - property taxes	5,299,797	-	5,299,797	789,179
Total deferred inflows of resources	8,667,992	681,207	9,349,199	946,737
Total liabilities and deferred inflows of resources	55,393,817	4,978,883	60,372,700	1,483,994

(This statement is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2020

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Ida Public Library
NET POSITION				
Net investment in capital assets	\$ 18,924,111	\$ 38,771,751	\$ 57,695,862	\$ 543,377
Restricted for				
Public safety	383,198	-	383,198	-
Capital projects	8,092	-	8,092	-
Highways and streets	635,598	-	635,598	-
Economic development	15,694	-	15,694	-
Specific purpose	35,526	-	35,526	-
Donor specific	-	-	-	157,469
Unrestricted (deficit)	(26,926,279)	3,886,322	(23,039,957)	190,411
TOTAL NET POSITION (DEFICIT)	<u>\$ (6,924,060)</u>	<u>\$ 42,658,073</u>	<u>\$ 35,734,013</u>	<u>\$ 891,257</u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2020

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 2,735,244	\$ 728,684	\$ 19,352	\$ 70,000
Public safety	14,134,916	618,512	90,680	-
Highways and streets	4,804,963	296,095	986,536	135,959
Health and social services	464,453	-	-	-
Community and economic development	209,828	-	-	-
Interest and fees	403,526	-	-	-
Total governmental activities	<u>22,752,930</u>	<u>1,643,291</u>	<u>1,096,568</u>	<u>205,959</u>
Business-Type Activities				
Water and sewer	6,245,584	5,663,893	5,990	30,270
Total business-type activities	<u>6,245,584</u>	<u>5,663,893</u>	<u>5,990</u>	<u>30,270</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 28,998,514</u>	<u>\$ 7,307,184</u>	<u>\$ 1,102,558</u>	<u>\$ 236,229</u>
COMPONENT UNIT				
Ida Public Library	<u>\$ 804,460</u>	<u>\$ 41,183</u>	<u>\$ 37,827</u>	<u>\$ -</u>

	Net (Expense) Revenue and Change in Net Position			Component Unit Ida Public Library
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
	\$ (1,917,208)	\$ -	\$ (1,917,208)	\$ -
	(13,425,724)	-	(13,425,724)	-
	(3,386,373)	-	(3,386,373)	-
	(464,453)	-	(464,453)	-
	(209,828)	-	(209,828)	-
	(403,526)	-	(403,526)	-
	(19,807,112)	-	(19,807,112)	-
	-	(545,431)	(545,431)	-
	-	(545,431)	(545,431)	-
	(19,807,112)	(545,431)	(20,352,543)	-
	-	-	-	(725,450)
General Revenues				
Taxes				
Property	5,298,344	-	5,298,344	711,691
Utility	1,815,989	-	1,815,989	-
Telecommunications	102,840	-	102,840	-
Other	923,621	-	923,621	-
Intergovernmental				
Sales and use taxes	5,676,025	-	5,676,025	-
Income	2,773,012	-	2,773,012	-
Replacement	551,483	-	551,483	40,700
Investment income	277,536	198,363	475,899	17,034
Miscellaneous	427,647	-	427,647	10,453
Insurance recoveries	-	314	314	-
Gain on sale of capital assets	(1,273)	-	(1,273)	-
Total	17,845,224	198,677	18,043,901	779,878
CHANGE IN NET POSITION	(1,961,888)	(346,754)	(2,308,642)	54,428
NET POSITION (DEFICIT), MAY 1	(4,962,172)	43,004,827	38,042,655	872,832
Prior period adjustment	-	-	-	(36,003)
NET POSITION (DEFICIT), MAY 1, RESTATED	(4,962,172)	43,004,827	38,042,655	836,829
NET POSITION (DEFICIT), APRIL 30	\$ (6,924,060)	\$ 42,658,073	\$ 35,734,013	\$ 891,257

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 9,330,140	\$ 2,553,661	\$ 11,883,801
Receivables, net where applicable of allowance for uncollectibles			
Property taxes	5,214,134	85,663	5,299,797
Sales taxes	1,066,610	-	1,066,610
Local use taxes	219,847	-	219,847
Other taxes	185,970	-	185,970
Accrued interest	41,919	-	41,919
Other	227,548	98,232	325,780
Prepaid items	317,850	-	317,850
Land held for resale	345,813	-	345,813
Advances to other funds	877	-	877
TOTAL ASSETS	\$ 16,950,708	\$ 2,737,556	\$ 19,688,264
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 196,907	\$ 31,689	\$ 228,596
Accrued payroll	122,603	-	122,603
Deposits payable	376,471	-	376,471
Advance from other funds	-	877	877
Total liabilities	695,981	32,566	728,547
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	5,214,134	85,663	5,299,797
Total deferred inflows of resources	5,214,134	85,663	5,299,797
Total liabilities and deferred inflows of resources	5,910,115	118,229	6,028,344
FUND BALANCES			
Nonspendable			
Prepaid items	317,850	-	317,850
Advances to other funds	877	-	877
Land held for resale	345,813	-	345,813
Restricted			
Public safety	-	383,198	383,198
Highways and streets	-	635,598	635,598
Economic development	-	15,694	15,694
Capital projects	-	8,092	8,092
Specific purpose	35,526	-	35,526
Assigned			
Capital projects	-	1,578,924	1,578,924
Unassigned (deficit)	10,340,527	(2,179)	10,338,348
Total fund balances	11,040,593	2,619,327	13,659,920
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 16,950,708	\$ 2,737,556	\$ 19,688,264

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

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

April 30, 2020

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 13,659,920
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	22,531,770
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Illinois Municipal Retirement Fund (Regular) are recognized as deferred outflows and inflows of resources on the statement of net position	(477,382)
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Illinois Municipal Retirement Fund (SLEP) are recognized as deferred outflows and inflows of resources on the statement of net position	12,179
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Police Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position	506,228
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Firefighters' Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position	679,850
Differences between assumption changes and net difference between projected and actual earnings for the Other Postemployment Benefit liability are recognized as deferred outflows of resources on the statement of net position	2,161,530
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Landfill post closure liability	(355,000)
Capital lease payable	(196,561)
Debt certificates payable	(375,098)
Tax increment revenue note payable	(3,036,000)
Compensated absences payable	(179,985)
Other postemployment benefit liability	(9,382,979)
Net pension liability - IMRF (Regular)	(390,076)
Net pension liability - IMRF (SLEP)	(97,948)
Net pension liability - Police Pension Fund	(15,634,724)
Net pension liability - Firefighters' Pension Fund	(12,577,229)
Accrued interest on long-term liabilities is reported as a liability on the statement of net position	<u>(3,772,555)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (6,924,060)</u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 16,510,040	\$ 129,607	\$ 16,639,647
Licenses and permits	369,516	-	369,516
Intergovernmental	670,398	1,063,795	1,734,193
Fines and forfeits	803,326	-	803,326
Charges for services	353,463	116,987	470,450
Investment income	256,951	20,585	277,536
Miscellaneous	352,831	74,816	427,647
Total revenues	19,316,525	1,405,790	20,722,315
EXPENDITURES			
Current			
General government	2,373,391	30,592	2,403,983
Public safety	12,416,919	131,603	12,548,522
Highways and streets	1,889,973	1,206,980	3,096,953
Health and social services	24,628	-	24,628
Community and economic development	206,468	-	206,468
Capital outlay	-	1,167,925	1,167,925
Debt service			
Principal	-	117,346	117,346
Interest and fiscal charges	-	20,271	20,271
Total expenditures	16,911,379	2,674,717	19,586,096
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,405,146	(1,268,927)	1,136,219
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	12,727	-	12,727
Insurance recoveries	-	15,229	15,229
Transfers in	-	1,847,636	1,847,636
Transfers (out)	(1,846,636)	(1,000)	(1,847,636)
Total other financing sources (uses)	(1,833,909)	1,861,865	27,956
NET CHANGE IN FUND BALANCES	571,237	592,938	1,164,175
FUND BALANCES, MAY 1	10,469,356	2,026,389	12,495,745
FUND BALANCES, APRIL 30	\$ 11,040,593	\$ 2,619,327	\$ 13,659,920

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,164,175
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized on the statement of net position and depreciated on the statement of activities	1,400,666
Contributions of capital assets are only reported in the statement of activities	70,000
Depreciation expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(2,491,033)
Proceeds from the disposal of capital assets are recognized in governmental funds but the gain (loss) is recognized on the statement of activities	(14,000)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding on the statement of net position	117,346
Payments made on the landfill post closure liability are reported as expenditures in the governmental funds but as a reduction of the liability in the statement of net position	50,000
The increase of accrued interest payable is shown as an increase of expense on the statement of activities	(383,255)
The change in compensated absences payable is shown as an increase/(decrease) of the statement of activities	(16,246)
The change in the other postemployment benefit obligation and deferred outflows of resources is not a source or use of financial resources	(504,347)
The change in the Police Pension Fund net pension liability and deferred outflows/inflows of resources is not a source or use of financial resources	(674,516)
The change in the Firefighters' Pension Fund net pension liability and deferred outflows of resources is not a source or use of a financial resource	(598,679)
The change in the Illinois Municipal Retirement Fund (Regular) net pension liability and deferred outflows of resources is not a source or use of a financial resource	(33,877)
The change in the Illinois Municipal Retirement Fund (SLEP) net pension liability and deferred outflows of resources is not a source or use of a financial resource	<u>(48,122)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,961,888)</u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

April 30, 2020

	Business-Type Activities
	Water and Sewer
CURRENT ASSETS	
Cash and investments	\$ 5,517,328
Receivables, net of allowance for uncollectibles	
Billed services	94,786
Unbilled services	635,533
Accrued interest	95,957
Prepaid expenses	201,377
Inventory	64,714
Restricted investments	-
	<hr/>
Total current assets	6,609,695
	<hr/>
NONCURRENT ASSETS	
Capital assets	
Assets not being depreciated	2,484,028
Assets being depreciated	
Cost	73,370,025
Accumulated depreciation	(35,654,324)
	<hr/>
Total noncurrent assets	40,199,729
	<hr/>
Total assets	46,809,424
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Asset retirement obligation	197,446
Pension items - IMRF	196,632
OPEB items	433,454
	<hr/>
Total deferred outflows of resources	827,532
	<hr/>
Total assets and deferred outflows of resources	47,636,956
	<hr/>

(This statement is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

**STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUND**

April 30, 2020

	Business-Type Activities
	Water and Sewer
CURRENT LIABILITIES	
Accounts payable	\$ 259,576
Accrued payroll	23,636
Accrued interest payable	8,925
Current portion of IEPA loans payable	106,233
Current portion of compensated absences payable	18,615
Current portion of OPEB liability	67,476
	<hr/>
Total current liabilities	484,461
	<hr/>
NONCURRENT LIABILITIES	
Asset retirement obligation	199,440
IEPA loans payable, less current portion	1,321,745
Compensated absences payable, less current portion	74,460
Net pension liability - IMRF	403,467
Total OPEB liability, less current portion	1,814,103
	<hr/>
Total noncurrent liabilities	3,813,215
	<hr/>
Total liabilities	4,297,676
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Pension items - IMRF	681,207
	<hr/>
Total deferred inflows of resources	681,207
	<hr/>
Total liabilities and deferred inflows of resources	4,978,883
	<hr/>
NET POSITION	
Net investment in capital assets	38,771,751
Unrestricted	3,886,322
	<hr/>
TOTAL NET POSITION	\$ 42,658,073
	<hr/> <hr/>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Business-Type Activities
	Water and Sewer
OPERATING REVENUES	
Charges for services	\$ 5,071,970
Other revenue	591,923
Total operating revenues	<u>5,663,893</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Operations	<u>4,521,633</u>
Total operating expenses excluding depreciation	<u>4,521,633</u>
OPERATING INCOME BEFORE DEPRECIATION	1,142,260
Depreciation	<u>1,701,092</u>
OPERATING INCOME (LOSS)	<u>(558,832)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	198,363
Grants	5,990
Insurance recoveries	314
Interest expense and fees	<u>(22,859)</u>
Total non-operating revenues (expenses)	<u>181,808</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	<u>(377,024)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	
Contributed capital assets	<u>30,270</u>
Total capital grants and contributions	<u>30,270</u>
CHANGE IN NET POSITION	(346,754)
NET POSITION, MAY 1	<u>43,004,827</u>
NET POSITION, APRIL 30	<u><u>\$ 42,658,073</u></u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended April 30, 2020

	Business-Type Activities
	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 5,651,776
Payments to suppliers	(1,839,817)
Payments to employees	(2,468,650)
	<hr/>
Net cash from operating activities	1,343,309
	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grants	5,990
	<hr/>
Net cash from noncapital financing activities	5,990
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,950,383)
Insurance recoveries	314
Principal retirement	(364,917)
Interest paid	(25,074)
	<hr/>
Net cash from capital and related financing activities	(2,340,060)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	198,363
	<hr/>
Net cash from investing activities	198,363
	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(792,398)
	<hr/>
CASH AND CASH EQUIVALENTS, MAY 1	6,309,726
	<hr/>
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 5,517,328
	<hr/> <hr/>

(This statement is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

**STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUND**

For the Year Ended April 30, 2020

	<u>Business-Type Activities</u> <u>Water and Sewer</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (558,832)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	1,699,098
Changes in current assets and liabilities	
Accounts receivable	70,140
Interest receivable	(82,257)
Inventory	2,364
Prepaid expenses	(7)
Accounts payable	125,327
Accrued payroll	(48,649)
Asset retirement obligation and deferred outflow of resources	1,994
Net pension liability and deferred inflows/outflows of resources	34,523
Total OPEB liability and deferred outflows of resources	101,137
Compensated absences payable	(1,529)
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 1,343,309</u></u>
NONCASH TRANSACTIONS	
Contributed capital asset	<u><u>\$ 30,270</u></u>
CASH AND CASH EQUIVALENTS	
Cash and investments	\$ 5,517,328
Restricted investments	<u>-</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 5,517,328</u></u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

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

April 30, 2020

	Pension Trust Funds	Custodial Fund
ASSETS		
Cash and short-term investments	\$ 18,150	\$ 245,390
Investments at fair value		
U.S. Treasury obligations	1,564,113	-
U.S. agency obligations	8,148,580	-
Municipal bonds	1,562,832	-
Corporate bonds	2,987,001	-
Mortgage-backed securities	44,005	-
Negotiable certificates of deposit	252,270	-
Mutual funds	22,965,530	-
Money market mutual funds	891,902	-
Insurance contracts	1,199,318	-
Total investments	39,615,551	-
Receivables		
Accrued interest	114,837	-
Total receivables	114,837	-
Prepaid items	1,476	-
Total assets	39,750,014	245,390
LIABILITIES		
Accounts payable	9,667	-
Total liabilities	9,667	-
NET POSITION		
Restricted for pensions	39,740,347	-
Restricted for other governments	-	245,390
	\$ 39,740,347	\$ 245,390

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended April 30, 2020

	Pension Benefit Trust Funds	Custodial Fund
ADDITIONS		
Contributions		
Employer	\$ 2,407,406	\$ -
Employee	542,509	-
Other	2,555	-
Land cash and exaction fees	-	55,882
Total contributions	<u>2,952,470</u>	<u>55,882</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	(505,643)	-
Interest and dividends	1,129,675	-
Total investment income	624,032	-
Less investment expenses	<u>(70,190)</u>	-
Net investment income	<u>553,842</u>	-
Total additions	<u>3,506,312</u>	<u>55,882</u>
DEDUCTIONS		
Benefits and refunds	2,976,356	-
Administrative expenses	84,126	-
Total deductions	<u>3,060,482</u>	-
NET INCREASE	445,830	55,882
NET POSITION RESTRICTED		
May 1, restated	<u>39,294,517</u>	189,508
April 30	<u>\$ 39,740,347</u>	<u>\$ 245,390</u>

See accompanying notes to financial statements.

CITY OF BELVIDERE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the City conform to accounting principles generally accepted in the United States of America, as applicable to governments (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

a. Reporting Entity

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

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

Police Pension Employees Retirement System

The City's police employees participate in 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 Village's Mayor, one elected by pension beneficiaries and two elected police employees

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Police Pension Employees Retirement System (Continued)

constitute the pension board. The City is obligated to fund all PPERS costs not funded by PPERS participants based upon actuarial valuations, which creates a financial burden on the City. 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, which results in the PPERS being fiscally dependent upon the City. PPERS is reported as a pension trust fund, a fiduciary component unit. PPERS does not issue a stand-alone financial report.

Firefighters' Pension Employees Retirement System

The City's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS 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 firefighters' employees constitute the pension board. The City and FPERS participants are obligated to fund all 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. Accordingly, the FPERS is fiscally dependent on the City. PPERS is reported as a pension trust fund, a fiduciary component unit. PPERS does not issue a stand-alone financial report.

b. Fund Accounting

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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

Fiduciary funds are used to account for fiduciary activities that meet the definition contained in GASB Statement No. 84, *Fiduciary Activities*. The City utilizes pension trust funds (for its Police and Firefighters' Pension Funds Fund) and a custodial fund (for its Land Escrow Fund), which is generally used to account for assets that the Village holds in a fiduciary capacity.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used are not eliminated on these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The City reports the following major governmental funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major proprietary funds:

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

The City reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund. Furthermore, the City reports the Escrow Funds held for other governments as custodial fund.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally within 60 days after year end. The City recognizes property taxes when they become both measurable and available in the year for which they are levied (i.e., intended to finance). A 90-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

e. Cash and Investments

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

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Interfund Receivables/Payables

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

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

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

g. Property Taxes

Property taxes for 2019 are levied in December 2019 and attach as an enforceable lien on the property on January 1, 2019. Tax bills are prepared by the County and issued on or about May 1, 2020 and August 1, 2020 and are due and collectible on or about June 1, 2020 and September 1, 2020. The County collects the taxes and remits them periodically to the City. Those 2019 taxes are intended to finance the 2021 fiscal year and are not considered available or earned for current operations and, therefore, are reported as deferred/unavailable revenue. The 2020 tax levy has not been recorded as a receivable at April 30, 2020, as the tax attached as a lien on property as of January 1, 2020; however, the tax will not be levied until December 2020 and, accordingly, is not measurable at April 30, 2020.

h. Inventories and Prepaid Items/Expenses

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

j. Compensated Absences

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences (Continued)

Accumulated unpaid vacation and other employee benefit amounts for proprietary funds are recorded as earned by employees in those funds. At April 30, 2020, the liabilities for these accumulated unpaid benefits are accounted for in the enterprise fund at all levels and in the governmental activities column in the government-wide financial statements.

k. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund financial statements. Bond premiums and discounts, as well as the unamortized loss on refunding, are deferred and amortized over the life of the bonds. Bonds payable are reported net of any applicable bond premium or discount. Issuance costs are reported as expenses.

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

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

l. Deferred Outflows/Inflows of Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balance/Net Position

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

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

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

n. Use of Estimates

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

2. CASH AND INVESTMENTS

The City and pension funds categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

2. CASH AND INVESTMENTS (Continued)

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." The deposits and investments of the pension trust funds are held separately from those of other funds. The investments are governed by three separate investment policies; one policy for the City adopted by the City Council and one policy each for the Police Pension Fund and Firefighters' Pension Fund approved by their respective boards.

The City's investment policy authorizes the City to make deposits in the commercial banks and savings and loan institutions and to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, The Illinois Funds and the Illinois Metropolitan Investment Fund (IMET). The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704. IMET is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. Investments in IMET are valued at the share price, the price for which the investments could be sold.

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

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to them. The City requires pledging of collateral for all depository accounts, time deposit accounts, or investments in certificates of deposits of financial institutions in excess of FDIC. The collateral is required to be evidenced by a written collateral agreement with the collateral held by an independent third party safekeeping agent of the City in the City's name. At April 30, 2020, \$246,563 of the City's deposits with financial institutions were not covered by either FDIC or pledged collateral held by an independent third party in the City's name.

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

2. CASH AND INVESTMENTS (Continued)

Investments

As of April 30, 2020, the City had investments and maturities as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
IMET	\$ 6,312	\$ -	\$ 6,312	\$ -	\$ -
Negotiable CD's	2,042,240	2,042,240	-	-	-
TOTAL	\$ 2,048,552	\$ 2,042,240	\$ 6,312	\$ -	\$ -

The City has the following recurring fair value measurements as of April 30, 2020: the negotiable certificates of deposits are valued using quoted matrix pricing models (Level 2 inputs) and IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

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

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

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

Concentration of credit risk is the risk that the City has a high percentage of their investments invested in one type of investment. The City's investment policy does not address custodial credit risk. At April 30, 2020, the City had no investments that represent over 5% of the total cash and investment portfolio.

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

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 523,664	\$ 439,754	\$ -	\$ 963,418
Construction in progress	198,935	205,118	140,000	264,053
Total capital assets not being depreciated	722,599	644,872	140,000	1,227,471
Capital assets being depreciated				
Land improvements	56,551	-	-	56,551
Infrastructure	38,300,772	321,657	-	38,622,429
Building and improvements	3,132,442	102,659	-	3,235,101
Equipment	2,647,594	316,055	-	2,963,649
Vehicles	4,509,772	225,423	329,784	4,405,411
Total capital assets being depreciated	48,647,131	965,794	329,784	49,283,141
Less accumulated depreciation for				
Land improvements	16,223	1,578	-	17,801
Infrastructure	19,563,203	1,931,121	-	21,494,324
Building and improvements	1,411,124	117,761	-	1,528,885
Equipment	1,977,885	173,238	-	2,151,123
Vehicles	2,835,158	267,335	315,784	2,786,709
Total accumulated depreciation	25,803,593	2,491,033	315,784	27,978,842
Total capital assets being depreciated, net	22,843,538	(1,525,239)	14,000	21,304,299
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 23,566,137	\$ (880,367)	\$ 154,000	\$ 22,531,770

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 106,326
Public safety	367,042
Highways and streets	<u>2,017,665</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 2,491,033</u>

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

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 696,551	\$ -	\$ -	\$ 696,551
Construction in progress	656,517	1,538,036	407,076	1,787,477
Total capital assets not being depreciated	<u>1,353,068</u>	<u>1,538,036</u>	<u>407,076</u>	<u>2,484,028</u>
Capital assets being depreciated				
Building and structures	3,174,607	-	-	3,174,607
Equipment	6,738,651	616,987	-	7,355,638
Furniture and fixtures	162,225	-	-	162,225
Vehicles	821,028	-	-	821,028
Water transmission system	18,603,999	30,270	-	18,634,269
Sewer collection system	43,019,822	202,436	-	43,222,258
Total capital assets being depreciated	<u>72,520,332</u>	<u>849,693</u>	<u>-</u>	<u>73,370,025</u>
Less accumulated depreciation for				
Building and structures	2,195,825	28,044	-	2,223,869
Equipment	3,997,313	432,631	-	4,429,944
Furniture and fixtures	162,225	-	-	162,225
Vehicles	684,770	17,762	-	702,532
Water transmission system	7,555,588	277,579	-	7,833,167
Sewer collection system	19,359,505	943,082	-	20,302,587
Total accumulated depreciation	<u>33,955,226</u>	<u>1,699,098</u>	<u>-</u>	<u>35,654,324</u>
Total capital assets being depreciated, net	<u>38,565,106</u>	<u>(849,405)</u>	<u>-</u>	<u>37,715,701</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 39,918,174</u>	<u>\$ 688,631</u>	<u>\$ 407,076</u>	<u>\$ 40,199,729</u>

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

BUSINESS-TYPE ACTIVITIES	
Water and Sewer	<u>\$ 1,699,098</u>

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

4. LONG-TERM DEBT

a. Long-Term Debt - Governmental Activities

Long-term liability activity for governmental activities for the year ended April 30, 2020 was as follows:

	May 1	Additions	Reductions/ Refundings	April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
Debt certificates payable**	\$ 430,098	\$ -	\$ 55,000	\$ 375,098	\$ 60,000
Tax increment note payable***	3,036,000	-	-	3,036,000	-
Capital lease**	258,907	-	62,346	196,561	63,907
Landfill post closure liability*	405,000	-	50,000	355,000	50,000
Net pension liability - IMRF*	1,402,316	-	1,012,240	390,076	-
Net pension liability - SLEP*	178,335	-	80,387	97,948	-
Net pension liability - Police*	13,921,393	1,713,331	-	15,634,724	-
Net pension liability - Fire *	11,965,786	611,443	-	12,577,229	-
Compensated absences*	163,739	55,574	39,328	179,985	35,997
Other postemployment benefit liability*	6,827,601	2,555,378	-	9,382,979	336,484
TOTAL GOVERNMENTAL ACTIVITIES	\$ 38,589,175	\$ 4,935,726	\$ 1,299,301	\$ 42,225,600	\$ 546,388

*These liabilities will primarily be retired by the General Fund.

**These liabilities will primarily be retired by the Capital Projects Fund.

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

Long-term liabilities payable from governmental activities (excluding net pension liabilities, other postemployment benefit liability, and compensated absences) at April 30, 2020 comprise the following, all of which are direct placements of debt except for the landfill post closure liability:

Issue	Balances April 30	Current
General Obligation Debt Certificates, Series 2005 dated July 19, 2005, due in annual installments on August 1 of \$1,237 to \$65,098 through August 1, 2025; including variable interest payable semiannually on August 1 and February 1.	\$ 375,098	\$ 60,000
Tax Increment General Mills Revenue Notes, Series 2003 dated March 17, 2003, due in annual installments plus interest of 8% through May 30, 2023.	3,036,000	-
Landfill post closure liability.	355,000	50,000
Fire Truck Capital Lease, dated December 21, 2016, due in annual installments plus interest of 2.475% through June 1, 2022.	196,561	63,907
TOTAL	\$ 3,962,659	\$ 173,907

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

4. LONG-TERM DEBT (Continued)

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

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

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

The City is committed to a capital lease for the acquisition of a fire truck.

Debt Service Requirements to Maturity

The annual requirements to amortize all debt outstanding as of April 30, 2020 are as follows:

Year Ending April 30,	Governmental Activities					
	Capital Lease			Debt Certificates		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 63,907	\$ 4,921	\$ 68,828	\$ 60,000	\$ 5,003	\$ 65,003
2022	65,507	3,321	68,828	60,000	4,133	64,133
2023	67,147	1,681	68,828	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
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
TOTAL	\$ 196,561	\$ 9,923	\$ 206,484	\$ 375,098	\$ 16,644	\$ 391,742

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

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

Debt Issue	Pledge Source	Pledge Remaining	Commitment End Date	Pledged Revenue	Principal and Interest Paid	Estimated Percent of Pledged Revenue
2003 Tax Increment General Mills Revenue Notes	Incremental property tax revenue	\$3,036,000 plus accrued interest at 8%	May 30, 2023	\$ 22,898	\$ 8,618	37.64%

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

4. LONG-TERM DEBT (Continued)

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

Landfill Closure Costs

The City and Boone County Share the costs of closing and continued maintenance of Landfill #2. The landfill ceased accepting solid waste in September 1992, and was issued a certificate of closure by the Illinois Environmental Protection Agency (IEPA) effective October 12, 1999, that begins the 15-year post-closure care period. In prior years, the landfill was covered and as of April 30, 2017 post-closure care costs are continuing. The City and Boone County (the County) must meet certain groundwater parameters for inorganic compounds before it can discontinue monitoring the site. The City and the County have petitioned the IEPA and the Pollution Control Board for an "Adjusted Standard" in the currently in-place groundwater monitoring parameters. This petition was withdrawn by the County due to an agreement reached with the IEPA in March 2004. The agreement involves installing additional methane gas wells and a leachate extraction system at the landfill. This is considered remedial action. At year end, the estimated remaining liability is \$355,000.

b. Long-Term Debt - Business-Type Activities

Long-term liability activity for business-type activities for the year ended April 30, 2020 was as follows:

	May 1	Additions	Reductions	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
Waterworks and Sewerage refunding revenue bonds	\$ 260,000	\$ -	\$ 260,000	\$ -	\$ -
IEPA revolving loan	1,532,895	-	104,917	1,427,978	106,233
Asset retirement obligation	-	199,440	-	199,440	-
Net pension liability - IMRF	1,435,008	-	1,031,541	403,467	-
Other postemployment benefit liability	1,369,146	512,433	-	1,881,579	67,476
Compensated absences	94,604	19,774	21,303	93,075	18,615
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 4,691,653	\$ 731,647	\$ 1,417,761	\$ 4,005,539	\$ 192,324

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

4. LONG-TERM DEBT (Continued)

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

Long-term liabilities payable from business-type activities (excluding net pension liabilities and compensated absences) at April 30, 2020 comprise the following:

Issue	Total	Current Portion
IEPA Loan		
IEPA loan payable; due in semiannual installments of \$61,876, including interest at 1.25% through May 1, 2032.	\$ 1,427,978	\$ 106,233
TOTAL	\$ 1,427,978	\$ 106,233

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

Debt Service Requirements to Maturity

The annual requirements to amortize all debt outstanding as of April 30, 2020 are as follows:

Year Ending April 30,	IEPA Loan Payable		
	Principal	Interest	Total
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
2034	-	-	-
TOTAL	\$ 1,427,978	\$ 118,915	\$ 1,546,893

4. LONG-TERM DEBT (Continued)

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

Asset Retirement Obligation

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon its water wells at the end of its estimated useful life in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated useful life of the water wells is 100 years.

c. Legal Debt Margin

The City is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.”

To date, the General Assembly has set no limits for home rule municipalities. The City is a home rule municipality.

5. RISK MANAGEMENT

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

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

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

6. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

7. INDIVIDUAL FUND DISCLOSURES

a. Advances From/To Other Funds

Individual fund interfund advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	<u>\$ 877</u>

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

- \$877 due from nonmajor governmental (Kishwaukee TIF Fund) to the General Fund to eliminate a deficit cash position from years prior. Repayment is not expected within one year.

b. Interfund Transfers

Interfund transfers between funds for the year ended April 30, 2020 were as follows:

	Transfers In	Transfers Out
General	\$ -	\$ 1,846,636
Nonmajor Governmental		
Capital Projects Fund	1,846,636	-
Farmington SSA #2 Fund	-	1,000
Farmington SSA #3 Fund	1,000	-
TOTAL	<u>\$ 1,847,636</u>	<u>\$ 1,847,636</u>

7. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Interfund Transfers (Continued)

The purpose of significant transfers is as follows:

- \$1,846,636 transferred to the Capital Projects Fund from the General Fund to fund capital projects. This transfer will not be repaid.
- \$1,000 transferred to the Farmington SSA #3 Fund from the Farmington SSA #2 Fund. This transfer will not be repaid.

8. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

b. Benefits Provided

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

All health care benefits are provided through the City's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary. For certain disabled public safety employees who qualify under the Public Safety Employee Benefits Act (PSEBA), the City is required to pay 100% of the cost of basic health insurance for retirees and their dependents until Medicare eligibility.

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

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At April 30, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	27
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>114</u>
TOTAL	<u><u>141</u></u>

d. Total OPEB Liability

The City's total OPEB liability of \$11,264,558 was measured as of April 30, 2020 and was determined by an actuarial valuation as of April 30, 2019.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2020, as determined by an actuarial valuation as of May 1, 2019 actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to April 30, 2020, including updating the discount rate at April 30, 2020, as noted below.

Actuarial cost method	Entry-age
Actuarial value of assets	N/A
Salary Increases	3.00%
Discount rate	2.56%
Healthcare cost trend rates	6.75% Initial to 5.00% Ultimate

The discount rate was based on The Bond Buyer 20-Bond GO Index, which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

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

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2019	\$ 8,196,747
Changes for the period	
Service cost	419,463
Interest	360,003
Difference between expected and actual experience	1,508,500
Assumption changes	1,183,805
Benefit payments	<u>(403,960)</u>
Net changes	<u>3,607,811</u>
BALANCES AT APRIL 30, 2020	<u>\$ 11,264,558</u>

Changes in assumptions related to the discount rate were made since the prior measurement date.

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 2.56% as well as what the City total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.56%) or 1 percentage point higher (3.56%) than the current rate:

	1% Decrease (1.56%)	Current Discount Rate (2.56%)	1% Increase (3.56%)
Total OPEB liability	\$ 12,367,334	\$ 11,264,558	\$ 10,285,608

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 6.75% to 5.00% as well as what the City's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (5.75% to 4.00%) or 1 percentage point higher (7.75% to 6.00%) than the current rate:

	1% Decrease (5.75% to 4.00%)	Current Healthcare Rate (6.75% to 5.00%)	1% Increase (7.75% to 6.00%)
Total OPEB liability	\$ 9,906,178	\$ 11,264,558	\$ 12,884,613

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

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

- h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2020, the City recognized OPEB expense of \$1,009,444. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,387,723	\$ -
Changes in assumptions	1,207,261	-
TOTAL	\$ 2,594,984	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending April 30,</u>	
2021	\$ 229,978
2022	229,978
2023	229,978
2024	229,978
2025	229,978
Thereafter	<u>1,445,094</u>
TOTAL	<u>\$ 2,594,984</u>

9. DEFINED BENEFIT PENSION PLANS

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

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City and SLEP

a. Plan Administration

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

b. Plan Membership

At December 31, 2019, the measurement date, IMRF membership consisted of:

	<u>IMRF - City</u>	<u>SLEP</u>
Inactive employees or their beneficiaries currently receiving benefits	63	-
Inactive employees entitled to but not yet receiving benefits	33	-
Active employees	<u>60</u>	<u>1</u>
TOTAL	<u>156</u>	<u>1</u>

c. Benefits Provided

Illinois Municipal Retirement Fund - City

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City and SLEP (Continued)

c. Benefits Provided (Continued)

SLEP

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 55 with ten years of Tier 2 service credit are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings for each year of credited. The pension for participating members who retire between age 50 and 55 will be reduced by 1/2% for each month under age 55. SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS.

d. Contributions

Participating members are required to contribute 4.50% and 7.50% for IMRF - City and SLEP, respectfully, of their annual salary to IMRF. There are no contributing employees for the IMRF - ECO. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the IMRF - City for the years ended December 31, 2018 and 2019 was 9.63% and 12.34%, respectfully, of covered payroll. The employer contribution for SLEP for the fiscal years ended April 30, 2019 and 2020 was 0.00% and 0.00%, respectfully, of covered payroll.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City and SLEP (Continued)

e. Actuarial Assumptions

The City's net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions for IMRF - City and SLEP.

Actuarial valuation date	December 31, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.35% to 14.25%
Interest rate	7.25%
Cost of living adjustments	3.25%
Asset valuation method	Fair value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

f. Discount Rate

Illinois Municipal Retirement Fund - City

The discount rate used to measure the total pension liability at December 31, 2019 was 7.25%. The discount rate used to measure the total pension liability at December 31, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City and SLEP (Continued)

f. Discount Rate (Continued)

SLEP

The discount rate used to measure the total pension liability at December 31, 2019 was 7.25%. The discount rate used to measure the total pension liability at December 31, 2018 was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

g. Changes in the Net Pension Liability (Asset)

Illinois Municipal Retirement Fund - City

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2019	\$ 22,950,956	\$ 19,762,311	\$ 3,188,645
Changes for the period			
Service cost	352,156	-	352,156
Interest	1,634,521	-	1,634,521
Difference between expected and actual experience	(376,751)	-	(376,751)
Changes in assumptions	-	-	-
Employer contributions	-	333,813	(333,813)
Employee contributions	-	156,112	(156,112)
Net investment income	-	3,714,142	(3,714,142)
Benefit payments and refunds	(1,163,842)	(1,163,842)	-
Other (net transfer)	-	(312,697)	312,697
Net changes	446,084	2,727,528	2,281,444
BALANCES AT DECEMBER 31, 2019	\$ 23,397,040	\$ 22,489,839	\$ 907,201

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City and SLEP (Continued)

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

SLEP

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2019	\$ 833,440	\$ 655,105	\$ 178,335
Changes for the period			
Service cost	-	-	-
Interest	58,141	-	58,141
Difference between expected and actual experience	7,736	-	7,736
Changes in assumptions	-	-	-
Employer contributions	-	321	(321)
Employee contributions	-	-	-
Net investment income	-	141,815	(141,815)
Benefit payments and refunds	(62,979)	(62,979)	-
Other (net transfer)	-	4,128	(4,128)
Net changes	2,898	83,285	(80,387)
BALANCES AT DECEMBER 31, 2019	\$ 836,338	\$ 738,390	\$ 97,948

Total net pension liability for the City's IMRF and SLEP plans is \$1,005,149 and is reported in the basic financial statements as follows:

Governmental activities - City	\$ 390,076
Governmental activities - SLEP	97,948
Business-type activities/Enterprise Fund	403,467
Discretely presented component unit/IDA Public Library	113,658
TOTAL	\$ 1,005,149

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City and SLEP (Continued)

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

Illinois Municipal Retirement Fund - City

For the year ended April 30, 2020, the City recognized pension expense of \$424,413.

At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF - City from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 19,736	\$ 337,404
Changes in assumption	305,750	204,097
Net difference between projected and actual earnings on pension plan investments	-	965,555
Contributions made after measurement date	114,600	-
	<u> </u>	<u> </u>
TOTAL	<u>\$ 440,086</u>	<u>\$ 1,507,056</u>

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

\$114,600 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending April 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Year Ending April 30,	
<u> </u>	
2021	\$ 417,749
2022	297,610
2023	2,784
2024	463,427
2025	-
Thereafter	-
	<u> </u>
TOTAL	<u>\$ 1,181,570</u>

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City and SLEP (Continued)

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

SLEP

For the year ended April 30, 2020, the City recognized pension expense of \$52,039.

At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to SLEP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 51,029	\$ 4,373
Changes in assumption	6,092	1,759
Net difference between projected and actual earnings on pension plan investments	-	42,513
Contributions made after measurement date	3,703	-
TOTAL	\$ 60,824	\$ 48,645

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

\$3,703 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending April 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2021	\$ 41,028
2022	(10,510)
2023	(2,752)
2024	(19,290)
2025	-
Thereafter	-
TOTAL	\$ 8,476

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Illinois Municipal Retirement Fund - City and SLEP (Continued)

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

SLEP (Continued)

Total net deferred outflows (inflows) for the City's IMRF and SLEP plan is \$(1,504,791) and is reported in the basic financial statements as follows:

Governmental activities - City	\$ (477,382)
Governmental activities - SLEP	(484,575)
Business-type activities/Enterprise Fund	12,179
Discretely presented component unit/IDA Public Library	<u>(105,013)</u>
TOTAL	<u>\$ (1,054,791)</u>

i. Discount Rate Sensitivity

Illinois Municipal Retirement Fund - City

The following is a sensitive analysis of the net pension liability (asset) - City to changes in the discount rate. The table below presents the net pension liability (asset) of the City calculated using the discount rate of 7.25% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 3,737,007	\$ 907,201	\$ (1,443,778)

SLEP

The following is a sensitive analysis of the net pension liability - SLEP to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7.25% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 181,313	\$ 97,948	\$ 26,731

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan

a. Plan Administration

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

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

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

b. Plan Membership

At April 30, 2020, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>43</u>
 TOTAL	 <u><u>72</u></u>

c. Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive 2.50% of salary for each year of service. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter. Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

c. Benefits Provided (Continued)

years of creditable service are entitled to receive an annual retirement benefit equal to greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

d. Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. The City's policy is to fund the actuarially determined contribution. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the City has been funding the plan based on 100% amortization of the past service cost over the same time frame. For the year ended April 30, 2020, the City's contribution was 36.36% of covered payroll.

e. Investment Policy

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

e. Investment Policy (Continued)

portfolios of securities issued or guaranteed by the United States Government, investment grade corporate bonds, pooled accounts of the Illinois Metropolitan Investment Funds, and The Illinois Funds. The Fund may also invest in Illinois municipal corporations tax anticipation warrants, obligations of the State of Illinois and its political subdivisions, direct obligations of the State of Israel, Illinois insurance company general and separate accounts, mutual funds, corporate bonds rated as investment grade by one of the two largest rating services, and corporate equity securities. The investment policy was not modified during the year ended April 30, 2020.

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

Asset Class	Range	Target	Long-Term Expected Real Rate of Return
Fixed income	0%-100%	40.00%	1.30%
U.S. large company stocks	0%-65%	42.00%	6.30%
U.S. small company stocks	0%-10%	12.00%	8.10%
Foreign stocks	0%-15%	6.00%	6.80%

The overall target for the Fund is approximately 40% invested in fixed income securities and 60% invested in equity securities. The long-term expected real rates of return are net of a 2.50% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds, and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using the Asset Management and Trust Division of the investment management consultant's proprietary research and analytical tools in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2020 are listed in the table above.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

f. Investment Valuations

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the Fund are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

g. Investment Concentrations

Investments in any one organization that represent 5% or more of Fund's investments as of April 30, 2020 are as follows:

	Investment Amount	% of Assets
T Rowe Price Growth Stock	\$ 3,112,533	13%
Vanguard 500 Index	3,047,978	13%
Pioneer Equity Income	1,331,130	6%

h. Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

i. Deposits with Financial Institutions

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

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

j. Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. agency obligations	\$ 4,723,102	\$ -	\$ 943,602	\$ 3,399,510	\$ 379,990
U.S. Treasury securities	883,076	301,302	365,797	215,977	-
Negotiable CDs	252,270	252,270	-	-	-
Mortgage-backed securities	1,544	-	-	1,544	-
Municipal bonds	923,872	101,409	822,463	-	-
Corporate bonds	2,020,749	140,821	1,279,103	600,825	-
TOTAL	\$ 8,804,613	\$ 795,802	\$ 3,410,965	\$ 4,217,856	\$ 379,990

The Fund has the following recurring fair value measurements as of April 30, 2020, the U.S. agency obligations, U.S. Treasury obligations, negotiable certificates of deposits, mortgage-backed securities, municipal bonds, and corporate bonds are valued using quoted matrix pricing models (Level 2 inputs). The mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs).

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

k. Credit Risk

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

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

l. Custodial Credit Risk

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

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

m. Discount Rate

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

n. Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2019	\$ 36,747,656	\$ 22,826,263	\$ 13,921,393
Changes for the period			
Service cost	794,169	-	794,169
Interest	2,519,366	-	2,519,366
Difference between expected and actual experience	(457,500)	-	(457,500)
Change in assumptions	531,753	-	531,753
Changes of benefit terms	165,394	-	165,394
Employer contributions	-	1,304,119	(1,304,119)
Employee contributions	-	341,551	(341,551)
Net investment income	-	239,123	(239,123)
Benefit payments and refunds	(1,513,424)	(1,513,424)	-
Administrative expense	-	(44,942)	44,942
Net changes	2,039,758	326,427	1,713,331
BALANCES AT APRIL 30, 2020	\$ 38,787,414	\$ 23,152,690	\$ 15,634,724

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

n. Changes in the Net Pension Liability (Continued)

There was a change with respect to various rates (projected individual pay increases, inflation rate, mortality rates, mortality improvement rates, retirement rates, ruration rates, and disability rates) from the prior year.

o. Actuarial Assumptions

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

Actuarial valuation date	April 30, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.25% to 13.95%
Interest rate	7.00%
Cost of living adjustments	3.00% (Tier 1) 2.00% (Tier 2)
Asset valuation method	Fair value

Mortality rates were based on the Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described.

p. Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 21,787,470	\$ 15,634,724	\$ 10,690,974

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan (Continued)

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

For the year ended April 30, 2020, the City recognized pension expense of \$1,978,836. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 578,340	\$ 958,676
Changes in assumptions	472,206	697,992
Net difference between projected and actual earnings on pension plan investments	<u>1,112,350</u>	<u>-</u>
TOTAL	<u>\$ 2,162,896</u>	<u>\$ 1,656,668</u>

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

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

Year Ending April 30,	
2021	\$ 104,940
2022	93,282
2023	77,594
2024	202,252
2025	(755)
Thereafter	<u>28,915</u>
TOTAL	<u>\$ 506,228</u>

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan

a. Plan Administration

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

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

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

b. Plan Membership

At April 30, 2020, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	29
 TOTAL	 64

c. Benefits Provided

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

c. Benefits Provided (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtained by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the preceding calendar year.

d. Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with fewer than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary. The City's policy is to fund the actuarially determined contribution. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Firefighters' Pension Plan. The City has chosen a policy to fund 100% of the past service costs by 2040. For the year ended April 30, 2020, the City's contribution was 50.55% of covered payroll.

e. Investment Policy

ILCS limits the Firefighters' Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees.

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

e. Investment Policy (Continued)

The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government, investment grade corporate bonds, pooled accounts of the Illinois Metropolitan Investment Funds, and The Illinois Funds. The Fund may also invest in Illinois municipal corporations tax anticipation warrants, obligations of the State of Illinois and its political subdivisions, direct obligations of the State of Israel, Illinois insurance company general and separate accounts, mutual funds, corporate bonds rated as investment grade by one of the two largest rating services, and corporate equity securities. The investment policy was not modified during the year ended April 30, 2020.

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

Asset Class	Range	Target	Long-Term Expected Real Rate of Return
Large cap domestic equity	40%-100%	38.50%	6.30%
Small cap domestic equity	0%-40%	11.00%	8.10%
International equity	0%-20%	5.50%	6.80%
Fixed income	40%-50%	45.00%	1.30%

The long-term expected real rates of return are net of a 2.60% factor for inflation and investment expense. ILCS limits the Fund's investments in equities, mutual funds, and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rates of return are the best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) for each major assets class. Best estimates or geometric real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2020 are listed in the table above.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

f. Concentrations

Investments in any one organization that represent 5% or more of Fund's investments as of April 30, 2020 are as follows:

	Investment Amount	% of Assets
T Rowe Price Gwth Stock	\$ 2,136,142	13%
Vanguard 500 Index	2,090,344	13%
Pioneer Equity Income	900,181	5%

g. Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

h. Deposits with Financial Institutions

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

i. Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2020:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 681,037	\$ -	\$ 549,431	\$ 131,606	\$ -
U.S. agency obligations	3,425,478	88,124	652,908	2,684,446	-
Municipal bonds	638,960	-	579,979	58,981	-
Corporate bonds	966,252	55,236	459,065	451,951	-
Asset-backed securities	42,461	-	-	1,922	40,539
TOTAL	\$ 5,754,188	\$ 143,360	\$ 2,241,383	\$ 3,328,906	\$ 40,539

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

i. Interest Rate Risk (Continued)

The Fund has the following recurring fair value measurements as of April 30, 2020, the U.S. Treasury obligations, U.S. agency obligations, municipal bonds, corporate bonds, and asset-backed securities are valued using quoted matrix pricing models (Level 2 inputs). The mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The annuity insurance contracts are valued using information provided directly from the insurance companies (Level 3 inputs).

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

j. Credit Risk

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

k. Custodial Credit Risk

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

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

l. Discount Rate

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

m. Changes in the Net Pension Liability

	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
BALANCES AT MAY 1, 2019	\$ 28,434,040	\$ 16,468,254	\$ 11,965,786
Changes for the period			
Service cost	529,349	-	529,349
Interest	1,939,180	-	1,939,180
Difference between expected and actual experience	(720,228)	-	(720,228)
Changes in assumptions	332,202	-	332,202
Changes of benefit terms	113,275	-	113,275
Employer contributions	-	1,103,287	(1,103,287)
Employee contributions	-	200,958	(200,958)
Contributions - other	-	2,555	(2,555)
Net investment income	-	314,719	(314,719)
Benefit payments and refunds	(1,462,932)	(1,462,932)	-
Administrative expense	-	(39,184)	39,184
Net changes	730,846	119,403	611,443
BALANCES AT APRIL 30, 2020	\$ 29,164,886	\$ 16,587,657	\$ 12,577,229

There was a change with respect to various rates (projected individual pay increases, inflation rate, mortality rates, mortality improvement rates, retirement rates, ruration rates, and disability rates) from the prior year.

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

n. Actuarial Assumptions

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

Actuarial valuation date	April 30, 2020
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.25% to 10.56%
Interest rate	7.00%
Cost of living adjustments	3.00% (Tier 1) 2.00% (Tier 2)
Asset valuation method	Market

Mortality rates were based on the Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described.

o. Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 16,712,787	\$ 12,577,229	\$ 9,208,075

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Firefighters' Pension Plan (Continued)

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

For the year ended April 30, 2020, the City recognized pension expense of \$1,701,966. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 476,315	\$ 913,440
Changes in assumption	603,872	81,151
Net difference between projected and actual earnings on pension plan investments	594,254	-
TOTAL	\$ 1,674,441	\$ 994,591

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

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

<u>Year Ending April 30,</u>	
2021	\$ 179,433
2022	247,682
2023	166,535
2024	129,193
2025	(4,775)
Thereafter	(38,218)
TOTAL	\$ 679,850

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan and Firefighters' Pension Plan

a. Plan Net Position

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and short-term investments	\$ 10,000	\$ 8,150	\$ 18,150
Investments at fair value			
U.S. Treasury obligations	883,076	681,037	1,564,113
U.S. agency obligations	4,723,102	3,425,478	8,148,580
Municipal bonds	923,872	638,960	1,562,832
Corporate bonds	2,020,749	966,252	2,987,001
Mortgage-backed securities	1,544	42,461	44,005
Negotiable certificate of deposit	252,270	-	252,270
Mutual funds	13,678,343	9,287,187	22,965,530
Money market mutual funds	593,371	298,531	891,902
Insurance contracts	-	1,199,318	1,199,318
Accrued interest receivable	72,223	42,614	114,837
Prepaid items	530	946	1,476
	<u>23,159,080</u>	<u>16,590,934</u>	<u>39,750,014</u>
LIABILITIES			
Accounts payable	6,390	3,277	9,667
	<u>6,390</u>	<u>3,277</u>	<u>9,667</u>
NET POSITION RESTRICTED FOR PENSION			
	<u>\$ 23,152,690</u>	<u>\$ 16,587,657</u>	<u>\$ 39,740,347</u>

b. Changes in Plan Net Position

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,304,119	\$ 1,103,287	\$ 2,407,406
Employee	341,551	200,958	542,509
Other	-	2,555	2,555
	<u>1,645,670</u>	<u>1,306,800</u>	<u>2,952,470</u>

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

Police Pension Plan and Firefighters' Pension Plan (Continued)

b. Changes in Plan Net Position (Continued)

	Police Pension	Firefighters' Pension	Total
ADDITIONS (Continued)			
Investment income			
Net depreciation in fair value investments	\$ (408,899)	\$ (96,744)	\$ (505,643)
Interest	688,143	441,532	1,129,675
Total investment income	279,244	344,788	624,032
Less investment expense	(40,121)	(30,069)	(70,190)
Net investment income	239,123	314,719	553,842
Total additions	1,884,793	1,621,519	3,506,312
DEDUCTIONS			
Benefits and refunds	1,513,424	1,462,932	2,976,356
Administrative expenses	44,942	39,184	84,126
Total deductions	1,558,366	1,502,116	3,060,482
NET INCREASE	326,427	119,403	445,830
NET POSITION RESTRICTED FOR PENSIONS			
May 1	22,826,263	16,468,254	39,294,517
April 30	\$ 23,152,690	\$ 16,587,657	\$ 39,740,347

10. CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended April 30, 2020, the City implemented GASB Statement No. 84, *Fiduciary Activities*. With the implementation, the City is required to record the beginning net position of custodial funds.

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

10. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

The beginning net position of the fiduciary funds has been restated to reflect the new guidance as follows:

FIDUCIARY FUNDS - CUSTODIAL FUND STATEMENT

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	\$ -
Record net position of custodial fund	<u>189,508</u>
Total restatement	<u>189,508</u>
BEGINNING NET POSITION, AS RESTATED	<u>\$ 189,508</u>

11. DISCRETELY PRESENTED COMPONENT UNIT - IDA PUBLIC LIBRARY

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

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Library's deposit may not be returned. The Library's policy requires that funds on deposits in excess of FDIC coverage must be secured at least 100% of the fair market value of the net amount of the funds secured. Pledged collateral is to be held by an independent third party depository. Of the bank balance of the Library's deposits, \$0 was exposed to custodial credit risk.

b. Investments

As of April 30, 2020, the Library had investments and maturities as follows:

The Library holds 1,608 shares of Consolidated Edison common stock with a fair value of \$94,406 at April 30, 2020 that are valued using quoted prices in active markets for identical assets (Level 1 inputs).

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

b. Investments (Continued)

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

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

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

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

c. Property Taxes

Property taxes for 2019 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

d. Capital Assets

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

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

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

d. Capital Assets (Continued)

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 Library as a whole. Infrastructure such as streets, traffic signals, and signs are capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

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

	<u>Years</u>
Improvements	5
Building	40
Equipment	5

The Library's capital asset activity for the year ended April 30, 2020 was as follows:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 290,999	\$ -	\$ -	\$ 290,999
Capital assets being depreciated				
Improvements	8,697	-	-	8,697
Buildings	1,702,637	-	-	1,702,637
Equipment	48,672	8,700	-	57,372
Total capital assets being depreciated	<u>1,760,006</u>	<u>8,700</u>	<u>-</u>	<u>1,768,706</u>
Less accumulated depreciation for				
Land improvements	8,697	-	-	8,697
Buildings	1,132,711	38,913	-	1,171,624
Equipment	48,672	1,740	-	50,412
Total accumulated depreciation	<u>1,190,080</u>	<u>40,653</u>	<u>-</u>	<u>1,230,733</u>
Total capital assets being depreciated, net	<u>569,926</u>	<u>(31,953)</u>	<u>-</u>	<u>537,973</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 860,925</u>	<u>\$ (31,953)</u>	<u>\$ -</u>	<u>\$ 828,972</u>

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

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

e. Long-Term Debt

Mortgage Loans Payable

The Library has four outstanding mortgage loans payable as of April 30, 2020. Mortgages have been issued for capital acquisitions and range in interest rates from 4.50% to 6.10%.

Long-Term Liability Activity

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

	May 1	Additions	Reductions	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
Mortgage notes payable	\$ 300,486	\$ -	\$ 14,891	\$ 285,595	\$ 100,210
Compensated absences	14,951	2,811	3,506	14,256	2,851
Net pension liability - IMRF	351,321	-	237,663	113,658	-
Other postemployment benefit liability	159,137	-	44,069	115,068	901
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 825,895	\$ 2,811	\$ 300,129	\$ 528,577	\$ 103,962

f. Debt Service Requirements to Maturity

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

Year Ending	Principal	Interest
2021	\$ 100,210	\$ 17,608
2022	76,760	6,280
2023	108,625	1,812
2024	-	-
TOTAL	\$ 285,595	\$ 25,700

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

g. Other Postemployment Benefits

Plan Description

In addition to providing the pension benefits described, the Library provides postemployment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Library and can be amended by the Library 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.

Benefits Provided

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

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

Membership

At April 30, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>7</u>
TOTAL	<u>7</u>

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

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

g. Other Postemployment Benefits (Continued)

Total OPEB Liability

The Library's total OPEB liability of \$115,068 was measured as of April 30, 2020 and was determined by an actuarial valuation as of April 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2020, as determined by an actuarial valuation as of May 1, 2019 actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to April 30, 2020, including updating the discount rate at April 30, 2020, as noted below.

Actuarial cost method	Entry-age normal
Actuarial value of assets	N/A
Salary increases	3.00%
Discount rate	2.56%
Healthcare cost trend rates	6.75% Initial to 5.00% Ultimate

The discount rate was based on The Bond Buyer 20-Bond GO Index, which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2019	<u>\$ 159,137</u>
Changes for the period	
Service cost	11,155
Interest	3,404
Difference between expected and actual experience	(68,895)
Assumption changes	11,168
Benefit payments	<u>(901)</u>
Net changes	<u>(44,069)</u>
BALANCES AT APRIL 30, 2020	<u>\$ 115,068</u>

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

g. Other Postemployment Benefits (Continued)

Changes in the Total OPEB Liability (Continued)

Changes in assumptions related to the discount rate were made since the prior measurement date.

Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Library calculated using the discount rate of 2.56% as well as what the Library total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.56%) or 1 percentage point higher (3.56%) than the current rate:

	1% Decrease (1.56%)	Current Discount Rate (2.56%)	1% Increase (3.56%)
Total OPEB liability	\$ 125,808	\$ 115,068	\$ 105,208

The table below presents the total OPEB liability of the Library calculated using the healthcare rate of 6.75% to 5.00% as well as what the Library's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (5.75% to 4.00%) or 1 percentage point higher (7.75% to 6.00%) than the current rate:

	1% Decrease (5.75% to 4.00%)	Current Healthcare Rate (6.75% to 5.00%)	1% Increase (7.75% to 6.00%)
Total OPEB liability	\$ 100,227	\$ 115,068	\$ 133,001

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

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

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2020, the Library recognized OPEB expense of \$9,785. At April 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 62,955
Changes in assumptions	12,451	-
TOTAL	\$ 12,451	\$ 62,955

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending April 30,	
2021	\$ (4,774)
2022	(4,774)
2023	(4,774)
2024	(4,774)
2025	(4,774)
Thereafter	(26,634)
TOTAL	\$ (50,504)

i. Prior Period Adjustment

Beginning net position has be restated to reflect a change in estimate related to the investments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELVIDERE, ILLINOIS

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

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 434,831	\$ 463,542	\$ 430,485	\$ 388,534	\$ 348,059
Contributions in relation to the actuarially determined contribution	434,831	463,542	430,485	388,534	348,059
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,986,664	\$ 3,101,404	\$ 3,177,606	\$ 3,377,434	\$ 3,436,657
Contributions as a percentage of covered payroll	14.56%	14.95%	13.55%	11.50%	10.13%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 24 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.35% to 14.25% compounded annually, and postretirement benefit increases of 2.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 18,619	\$ 19,277	\$ 17,757	\$ 107	\$ 3,917
Contributions in relation to the actuarially determined contribution	18,619	19,277	17,757	107	3,917
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 102,873	\$ 103,686	\$ 96,858	\$ -	\$ -
Contributions as a percentage of covered payroll	18.10%	18.59%	18.33%	0.00%	0.00%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 24 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.35% to 14.25% compounded annually, and postretirement benefit increases of 2.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 1,007,631	\$ 1,072,241	\$ 1,089,027	\$ 1,150,677	\$ 1,246,427	\$ 1,304,118
Contribution in relation to the actuarially determined contribution	1,011,718	1,079,608	1,092,429	1,152,636	1,250,966	1,304,119
CONTRIBUTION DEFICIENCY (Excess)	\$ (4,087)	\$ (7,367)	\$ (3,402)	\$ (1,959)	\$ (4,539)	\$ (1)
Covered payroll	\$ 2,932,915	\$ 3,608,001	\$ 3,711,365	\$ 3,831,984	\$ 3,383,915	\$ 3,586,222
Contributions as a percentage of covered payroll	34.50%	29.92%	29.43%	30.08%	36.97%	36.36%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 20 years; the asset valuation method was at 5-year smoothed market value; and the significant actuarial assumptions were an investment rate of return of 7.00% annually, projected salary increase assumption of 2.25% to 13.95% annually, and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

Last Six Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 781,938	\$ 775,947	\$ 861,063	\$ 1,032,926	\$ 1,065,291	\$ 1,103,286
Contribution in relation to the actuarially determined contribution	786,258	783,447	864,148	1,035,510	1,070,269	1,103,287
CONTRIBUTION DEFICIENCY (Excess)	\$ (4,320)	\$ (7,500)	\$ (3,085)	\$ (2,584)	\$ (4,978)	\$ (1)
Covered payroll	\$ 1,871,647	\$ 2,202,000	\$ 2,200,810	\$ 2,272,336	\$ 2,077,740	\$ 2,182,622
Contributions as a percentage of covered payroll	42.01%	35.58%	39.26%	45.57%	51.51%	50.55%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 20 years; the asset valuation method was at 5-Year smoothed market value; and the significant actuarial assumptions were an investment rate of return of 7.00% annually, projected salary increase assumption of 4.00% to 9.75% annually, and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

Last Five Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service cost	\$ 333,951	\$ 346,118	\$ 344,572	\$ 320,080	\$ 352,156
Interest	1,525,504	1,572,488	1,579,309	1,588,927	1,634,521
Differences between expected and actual experience	(129,658)	(667,839)	67,547	(55,841)	(376,751)
Changes of assumptions	50,861	(103,106)	(683,393)	621,248	-
Benefit payments, including refunds of member contributions	(1,104,619)	(1,099,880)	(1,236,855)	(1,098,234)	(1,163,842)
Net change in total pension liability	676,039	47,781	71,180	1,376,180	446,084
Total pension liability - beginning	20,779,776	21,455,815	21,503,596	21,574,776	22,950,956
TOTAL PENSION LIABILITY - ENDING	\$ 21,455,815	\$ 21,503,596	\$ 21,574,776	\$ 22,950,956	\$ 23,397,040
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 448,219	\$ 452,185	\$ 413,418	\$ 410,245	\$ 333,813
Contributions - member	138,625	139,563	140,724	149,602	156,112
Net investment income	89,709	1,259,537	3,322,307	(1,173,375)	3,714,142
Benefit payments, including refunds of member contributions	(1,104,619)	(1,099,880)	(1,236,855)	(1,098,234)	(1,163,842)
Other	296,584	(71,807)	(166,593)	252,176	(312,697)
Net change in plan fiduciary net position	(131,482)	679,598	2,473,001	(1,459,586)	2,727,528
Plan fiduciary net position - beginning	18,200,780	18,069,298	18,748,896	21,221,897	19,762,311
PLAN FIDUCIARY NET POSITION - ENDING	\$ 18,069,298	\$ 18,748,896	\$ 21,221,897	\$ 19,762,311	\$ 22,489,839
EMPLOYER'S NET PENSION LIABILITY	\$ 3,386,517	\$ 2,754,700	\$ 352,879	\$ 3,188,645	\$ 907,201
Plan fiduciary net position as a percentage of the total pension liability	84.20%	87.20%	98.40%	86.10%	96.10%
Covered payroll	\$ 2,986,664	\$ 3,101,404	\$ 3,127,220	\$ 3,324,512	\$ 3,466,383
Employer's net pension liability as a percentage of covered payroll	113.40%	88.80%	11.30%	95.90%	26.20%

Notes to Required Supplementary Information

2018: Changes in assumptions related to the discount rate were made since the prior measurement date.

2017: Changes in assumptions related to inflation rates, salary rates, and mortality were made since the prior measurement date.

2016: Changes in assumptions related to retirement age, mortality, and the discount rate were made since the prior measurement date.

2015: Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

Last Five Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019
TOTAL PENSION LIABILITY					
Service cost	\$ 19,739	\$ 19,843	\$ 19,142	\$ 18,954	\$ -
Interest	41,167	45,912	46,711	46,638	58,141
Differences between expected and actual experience	4,739	(57,413)	(29,744)	161,267	7,736
Changes of assumptions	9,797	(13,244)	(11,953)	19,252	-
Benefit payments, including refunds of member contributions	-	-	-	(50,069)	(62,979)
Net change in total pension liability	75,442	(4,902)	24,156	196,042	2,898
Total pension liability - beginning	542,702	618,144	613,242	637,398	833,440
TOTAL PENSION LIABILITY - ENDING	\$ 618,144	\$ 613,242	\$ 637,398	\$ 833,440	\$ 836,338
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 18,857	\$ 18,932	\$ 20,068	\$ 3,783	\$ 321
Contributions - member	7,866	7,730	7,884	1,774	-
Net investment income	2,536	35,599	81,766	(31,887)	141,815
Benefit payments, including refunds of member contributions	-	-	-	(50,069)	(62,979)
Other	(24,973)	(106)	(2,437)	64,021	4,128
Net change in plan fiduciary net position	4,286	62,155	107,281	(12,378)	83,285
Plan fiduciary net position - beginning	493,761	498,047	560,202	667,483	655,105
PLAN FIDUCIARY NET POSITION - ENDING	\$ 498,047	\$ 560,202	\$ 667,483	\$ 655,105	\$ 738,390
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 120,097	\$ 53,040	\$ (30,085)	\$ 178,335	\$ 97,948
Plan fiduciary net position as a percentage of the total pension liability	80.60%	91.40%	104.70%	78.60%	88.30%
Covered payroll	\$ 104,881	\$ 103,060	\$ 105,121	\$ 23,653	\$ -
Employer's net pension liability as a percentage of covered payroll	114.50%	51.50%	(28.60%)	754.00%	0.00%

Notes to Required Supplementary Information

2018: Changes in assumptions related to the discount rate were made since the prior measurement date.

2017: Changes in assumptions related to inflation rates, salary rates, and mortality were made since the prior measurement date.

2016: Changes in assumptions related to retirement age, mortality, and the discount rate were made since the prior measurement date.

2015: Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

Last Five Fiscal Years

MEASUREMENT DATE APRIL 30,	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY					
Service cost	\$ 636,905	\$ 691,067	\$ 720,229	\$ 770,645	\$ 794,169
Interest	2,197,905	2,195,513	2,305,373	2,386,069	2,519,366
Change in benefit terms**	-	-	-	-	165,394
Differences between expected and actual experience	(1,063,512)	743,564	(184,562)	239,788	(457,500)
Changes to actuarial assumptions*	(558,820)	(638,384)	(201,388)	-	531,753
Benefit payments, including refunds of member contributions	(1,151,208)	(1,342,076)	(1,502,599)	(1,471,094)	(1,513,424)
Net change in total pension liability	61,270	1,649,684	1,137,053	1,925,408	2,039,758
Total pension liability - beginning	31,974,241	32,035,511	33,685,195	34,822,248	36,747,656
TOTAL PENSION LIABILITY - ENDING	\$ 32,035,511	\$ 33,685,195	\$ 34,822,248	\$ 36,747,656	\$ 38,787,414
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 1,079,609	\$ 1,092,429	\$ 1,152,636	\$ 1,250,966	\$ 1,304,119
Contributions - member	291,901	295,545	310,449	331,743	341,551
Contributions - other	-	60,493	-	-	-
Net investment income	(151,962)	1,249,839	1,317,562	1,522,124	239,123
Benefit payments, including refunds of member contributions	(1,151,208)	(1,342,076)	(1,502,599)	(1,471,094)	(1,513,424)
Administrative expense	(29,572)	(28,411)	(27,020)	(34,988)	(44,942)
Net change in plan fiduciary net position	38,768	1,327,819	1,251,028	1,598,751	326,427
Plan fiduciary net position - beginning	18,609,897	18,648,665	19,976,484	21,227,512	22,826,263
PLAN FIDUCIARY NET POSITION - ENDING	\$ 18,648,665	\$ 19,976,484	\$ 21,227,512	\$ 22,826,263	\$ 23,152,690
EMPLOYER'S NET PENSION LIABILITY	\$ 13,386,846	\$ 13,708,711	\$ 13,594,736	\$ 13,921,393	\$ 15,634,724
Plan fiduciary net position as a percentage of the total pension liability	58.20%	59.30%	61.00%	62.10%	59.70%
Covered payroll	\$ 3,608,001	\$ 3,711,365	\$ 3,831,984	\$ 3,383,915	\$ 3,586,222
Employer's net pension liability as a percentage of covered payroll	371.00%	369.40%	354.80%	411.40%	436.00%

Notes to Required Supplementary Information

*2016: There was a change with respect to actuarial assumptions from the prior year. The assumed rate on Hg Quality 20-Year Tax-Exempt G.O Bonds was changed from 3.62% to 3.32% for the current year. The discount rate used in the determination of the total pension liability was changed from 6.48% to 7.00%. The demographic assumptions were changed based on a study of police officers and police pension funds in Illinois. The changes were made to better reflect the future anticipated experience of the fund. The assumptions impacted include mortality rates, mortality improvement rates, retirement rates, disability rates, and termination rates.

*2017: There was a change with respect to actuarial assumptions from the prior year. The assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.32% to 3.82% for the current year. The mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table. In addition, the rates are being applied on a fully generational basis.

*2018: There was a change with respect to actuarial assumptions from the prior year. The assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.82% to 3.97% for the current year. The total payroll increase assumption was also decreased in the current year.

*2020: There were changes in plan benefits required under PA-101-0610 (SB 1300). Changes in assumptions related to individual pay increases, inflation rate, mortality rate, mortality improvement rates, retirement rates, termination rates, and disability rates were made since the previous measurement date.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

Last Five Fiscal Years

MEASUREMENT DATE APRIL 30,	2016	2017	2018	2019	2020
TOTAL PENSION LIABILITY					
Service cost	\$ 477,887	\$ 498,539	\$ 508,606	\$ 544,208	\$ 529,349
Interest	1,602,246	1,747,535	1,787,737	1,842,898	1,939,180
Changes in benefit terms**	-	-	-	-	113,275
Differences between expected and actual experience	540,219	(591,688)	(61,697)	416,680	(720,228)
Changes to actuarial assumptions*	705,653	203,038	(121,354)	(14,778)	332,202
Benefit payments, including refunds of member contributions	(1,221,018)	(1,279,880)	(1,286,360)	(1,364,173)	(1,462,932)
Net change in total pension liability	2,104,987	577,544	826,932	1,424,835	730,846
Total pension liability - beginning	23,499,742	25,604,729	26,182,273	27,009,205	28,434,040
TOTAL PENSION LIABILITY - ENDING	\$ 25,604,729	\$ 26,182,273	\$ 27,009,205	\$ 28,434,040	\$ 29,164,886
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 783,447	\$ 864,148	\$ 1,035,510	\$ 1,070,269	\$ 1,103,287
Contributions - member	175,173	178,195	191,818	194,621	200,958
Contributions - other	-	-	-	42,872	2,555
Net investment income	(278,241)	1,278,591	1,095,097	1,033,752	314,719
Benefit payments, including refunds of member contributions	(1,221,018)	(1,279,880)	(1,286,360)	(1,364,173)	(1,462,932)
Administrative expense	(33,155)	(37,289)	(36,932)	(39,887)	(39,184)
Net change in plan fiduciary net position	(573,794)	1,003,765	999,133	937,454	119,403
Plan fiduciary net position - beginning	14,101,696	13,527,902	14,531,667	15,530,800	16,468,254
PLAN FIDUCIARY NET POSITION - ENDING	\$ 13,527,902	\$ 14,531,667	\$ 15,530,800	\$ 16,468,254	\$ 16,587,657
EMPLOYER'S NET PENSION LIABILITY					
Plan fiduciary net position	\$ 12,076,827	\$ 11,650,606	\$ 11,478,405	\$ 11,965,786	\$ 12,577,229
as a percentage of the total pension liability	52.80%	55.50%	57.50%	57.90%	56.90%
Covered payroll	\$ 2,202,000	\$ 2,200,810	\$ 2,272,336	\$ 2,077,740	\$ 2,182,622
Employer's net pension liability	548.40%	529.40%	505.10%	575.90%	576.20%

Notes to Required Supplementary Information

*2016: There was a change with respect to actuarial assumptions from the prior year. The assumed rate on Hg Quality 20-Year Tax-Exempt G.O Bonds was changed from 3.62% to 3.32% for the current year. The discount rate used in the determination of the total pension liability was changed from 6.91% to 7.00%. The demographic assumptions were changed based on a study of firefighters and firefighters' pension funds in Illinois. The changed were made to better reflect the future anticipated experience of the fund. The assumptions impacted include mortality rates, mortality improvement rates, retirement rates, disability rates, and termination rates.

*2017: There was a change with respect to actuarial assumptions from the prior year. The assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.32% to 3.82% for the current year. The mortality assumption was updated to include mortality improvements as stated in the most recently released MP-2016 table. In addition, the rates are being applied on a fully generational basis.

*2018: There was a change with respect to actuarial assumptions from the prior year. The assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.82% to 3.97% for the current year. The total payroll increase assumption was also decreased in the current year.

*2019: There was a change with respect to actuarial assumptions from the prior year. The assumed rate on High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.97% to 3.79% for the current year. The total payroll increase assumption was also changed in the current year.

*2020: There were changes in plan benefits required under PA-101-0610 (SB 1300). Changes in assumptions related to individual pay increases, inflation rate, mortality rate, mortality improvement rates, retirement rates, termination rates, and disability rates were made since the previous measurement date.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
CITY OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Two Fiscal Years

MEASUREMENT DATE APRIL 30,	2019	2020
TOTAL OPEB LIABILITY		
Service cost	\$ 373,427	\$ 419,463
Interest	298,747	360,003
Changes of benefit terms	-	-
Differences between expected and actual experience	-	1,508,500
Changes of assumptions	147,077	1,183,805
Benefit payments	(295,231)	(403,960)
Net change in total OPEB liability	524,020	3,067,811
Total OPEB liability - beginning	7,672,727	8,196,747
TOTAL OPEB LIABILITY - ENDING	\$ 8,196,747	\$ 11,264,558
Covered payroll	\$ 8,341,323	\$ 8,369,148
Employer's total OPEB liability as a percentage of covered payroll	98.27%	134.60%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in assumptions related to the discount rate were made in 2019 and 2020.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
IDA PUBLIC LIBRARY OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Two Fiscal Years

MEASUREMENT DATE APRIL 30,	2019	2020
TOTAL OPEB LIABILITY		
Service cost	\$ 6,242	\$ 11,155
Interest	5,847	3,404
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(68,895)
Changes of assumptions	2,652	11,168
Benefit payments	<u>(5,752)</u>	<u>(901)</u>
Net change in total OPEB liability	8,989	(44,069)
Total OPEB liability - beginning	<u>150,148</u>	<u>159,137</u>
TOTAL OPEB LIABILITY - ENDING	<u><u>\$ 159,137</u></u>	<u><u>\$ 115,068</u></u>
Covered payroll	\$ 125,479	\$ 220,314
Employer's total OPEB liability as a percentage of covered payroll	126.82%	52.23%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in assumptions related to the discount rate were made in 2019 and 2020.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020
Annual money-weighted rate of return, net of investment expense	(0.96%)	6.76%	6.64%	7.15%	1.01%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020
Annual money-weighted rate of return, net of investment expense	(1.95%)	9.45%	7.50%	6.65%	1.93%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 16,193,275	\$ 16,416,131	\$ 16,510,040
Licenses and permits	422,409	369,517	369,516
Intergovernmental	585,000	641,366	670,398
Fines and forfeits	1,130,056	809,642	803,326
Charges for services	230,246	353,282	353,463
Investment income	141,000	212,332	256,951
Miscellaneous	408,380	553,117	352,831
	<hr/>	<hr/>	<hr/>
Total revenues	19,110,366	19,355,387	19,316,525
EXPENDITURES			
General government	2,528,399	2,552,323	2,373,391
Public safety	12,827,569	12,133,982	12,416,919
Highways and streets	1,780,251	1,885,621	1,889,973
Health and social services	23,000	24,628	24,628
Community and economic development	157,300	206,468	206,468
	<hr/>	<hr/>	<hr/>
Total expenditures	17,316,519	16,803,022	16,911,379
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	1,793,847	2,552,365	2,405,146
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	12,727	12,727
Transfers (out)	(1,763,646)	(1,846,636)	(1,846,636)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(1,763,646)	(1,833,909)	(1,833,909)
NET CHANGE IN FUND BALANCE			
	<u>\$ 30,201</u>	<u>\$ 718,456</u>	571,237
FUND BALANCE, MAY 1			
			<u>10,469,356</u>
FUND BALANCE, APRIL 30			
			<u><u>\$ 11,040,593</u></u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2020

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

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

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

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

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

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

Budgetary authority lapses at year end.

Expenditures exceeded budget in the Capital Projects Fund by \$27,319, the Kishwaukee TIF Fund by \$439,754 and the General Fund by \$108,357.

SUPPLEMENTARY INFORMATION

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
TAXES			
Property taxes	\$ 5,203,934	\$ 5,209,340	\$ 5,209,320
Personal property replacement tax	292,336	417,747	551,483
Income tax	2,577,688	2,773,012	2,773,012
Sales tax	4,834,459	4,777,311	4,771,297
State use tax	811,045	882,828	904,728
Hotel/motel tax	3,440	3,312	3,312
Video gambling tax	336,000	385,882	365,667
Cannabis tax	-	4,187	4,187
Auto rental tax	7,020	8,205	8,205
Telecommunications tax	119,400	104,268	102,840
Utility tax	2,007,953	1,850,039	1,815,989
Total taxes	16,193,275	16,416,131	16,510,040
INTERGOVERNMENTAL			
Grants	585,000	641,366	670,398
Total intergovernmental	585,000	641,366	670,398
LICENSES AND PERMITS			
Liquor licenses	117,700	122,000	122,000
Business licenses	16,595	14,720	14,720
Building permits	158,827	123,063	123,063
Electrical permits	18,619	10,820	10,820
Plumbing permits	10,641	1,019	1,019
HVAC permits	5,500	2,426	2,426
Amusement machine permits	73,800	79,000	79,000
Planning fees	13,600	11,104	11,103
Other	7,127	5,365	5,365
Total licenses and permits	422,409	369,517	369,516

(This schedule is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
FINES AND FORFEITS			
Circuit court fines	\$ 338,850	\$ 245,627	\$ 237,720
Parking fines	20,825	16,215	16,215
Engineering fees	20,000	7,650	7,650
Electrician certification fees	3,200	3,050	3,050
Plan review fees	31,298	8,399	8,399
Police fines and fees	212,247	117,900	116,579
Sidewalk/lot grading	3,156	1,668	1,668
Franchise fees	280,434	274,774	271,048
Death and birth certificates	19,528	20,141	20,141
Accident/fire reports	6,478	4,355	4,355
Seized vehicle fees	78,000	52,951	52,951
Tipping fees	81,156	44,939	51,577
Sex offender registration fee	5,000	4,490	4,490
Code enforcement	6,500	5,100	5,100
Annexation/plat fees	20,000	-	-
Zoning review fee	3,384	2,383	2,383
Total fines and forfeits	1,130,056	809,642	803,326
CHARGES FOR SERVICES			
School resource officer reimbursement	-	86,515	87,836
County fuel charges	230,246	266,767	265,627
Total charges for services	230,246	353,282	353,463
INVESTMENT INCOME			
Investment income	141,000	212,332	256,951
MISCELLANEOUS			
Reimbursements	355,580	391,934	197,365
Other	52,800	161,183	155,466
Total miscellaneous	408,380	553,117	352,831
TOTAL REVENUES	\$ 19,110,366	\$ 19,355,387	\$ 19,316,525

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Personnel services			
Salaries - elected officials	\$ 215,212	\$ 205,390	\$ 213,024
Salaries - regular	241,286	243,796	250,292
Group health insurance	527,147	420,790	420,790
Dental insurance claims paid	35,000	16,236	16,236
Group life insurance	1,458	1,381	1,381
IMRF	149,896	155,361	132,459
FICA	226,129	225,777	54,110
Medicare	141,874	141,856	141,856
Total personnel services	<u>1,538,002</u>	<u>1,410,587</u>	<u>1,230,148</u>
Contractual services			
Accounting and auditing	35,600	36,550	36,550
Codification	2,000	4,805	4,805
Legal	16,499	6,129	6,129
Liability insurance	480,375	454,790	456,299
Telephone	22,490	20,892	20,892
Other professional services	45,000	52,966	52,966
Total contractual services	<u>601,964</u>	<u>576,132</u>	<u>577,641</u>
Commodities			
Meetings and conferences	14,850	9,075	9,075
Office supplies	76,700	73,978	73,978
Other communications	3,420	2,717	2,717
Heritage days	-	116,318	116,318
Subscriptions and educational materials	650	969	969
Repairs and maintenance - building	24,340	22,577	22,577
Repairs and maintenance - equipment	5,000	5,323	5,323
Reimbursements - seized vehicle	-	300	300
Gas and oil	162,943	239,760	239,760
Other supplies	6,800	5,703	5,703
Miscellaneous	93,730	88,884	88,882
Total commodities	<u>388,433</u>	<u>565,604</u>	<u>565,602</u>
Total general government	<u>2,528,399</u>	<u>2,552,323</u>	<u>2,373,391</u>
PUBLIC SAFETY			
Police department			
Personnel services			
Salaries	3,667,877	3,586,222	3,672,672
Overtime	406,100	297,036	293,054
Police pension	1,237,250	1,237,251	1,304,119
Group health insurance	945,642	877,432	877,432
Dental insurance claims paid	55,000	38,817	38,817
Uniform allowance	73,430	80,002	80,002
Training	81,305	45,403	45,403
Physical exams	2,135	760	760
Total personnel services	<u>6,468,739</u>	<u>6,162,923</u>	<u>6,312,259</u>

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Police department (Continued)			
Contractual services			
Telephone	\$ 44,000	\$ 41,056	\$ 41,056
Total contractual services	44,000	41,056	41,056
Commodities			
Community policing	13,500	4,795	4,795
K-9 expenses	7,050	7,769	7,769
Repairs and maintenance - vehicle	103,825	78,451	78,451
Police equipment - maintenance	27,775	22,274	22,274
Sex offender state disbursement	2,500	2,860	2,860
Office supplies	12,650	4,978	4,978
Gas and oil	112,500	86,586	86,586
Operating supplies	46,665	32,063	32,063
Miscellaneous	33,300	17,541	17,541
Total commodities	359,765	257,317	257,317
Capital outlay			
Equipment	69,700	51,244	51,244
Total capital outlay	69,700	51,244	51,244
Total police department	6,942,204	6,512,540	6,661,876
Public safety building			
Contractual services			
Public safety building expenses	1,113,295	1,079,986	1,079,985
Total contractual services	1,113,295	1,079,986	1,079,985
Total public safety building	1,113,295	1,079,986	1,079,985
Fire department			
Personnel services			
Salaries	2,194,419	2,182,622	2,238,004
Overtime	188,000	136,846	142,513
Fire pension	1,036,418	1,036,419	1,103,287
Group health insurance	550,039	501,144	501,144
Dental insurance claims paid	32,000	22,802	22,802
Uniform allowance	32,400	29,864	29,864
Training	20,000	12,084	12,084
Physical exams	2,500	758	758
Total personnel services	4,055,776	3,922,539	4,050,456
Contractual services			
Telephone	15,240	12,670	12,670
Total contractual services	15,240	12,670	12,670

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Fire department (Continued)			
Commodities			
Gas and oil	\$ 20,000	\$ 18,649	\$ 18,649
Fire prevention	12,000	10,882	10,882
Repairs and maintenance - building	40,000	50,548	50,548
Repairs and maintenance - vehicle	53,500	36,016	36,016
Repairs and maintenance - equipment	14,200	10,529	10,529
Emergency medical supplies	11,500	11,334	11,334
Office supplies	14,100	8,184	8,184
Operating supplies	8,000	9,250	9,250
Miscellaneous	1,000	653	653
Total commodities	<u>174,300</u>	<u>156,045</u>	<u>156,045</u>
Capital outlay			
Equipment			
	<u>25,000</u>	<u>25,896</u>	<u>25,896</u>
Total capital outlay	<u>25,000</u>	<u>25,896</u>	<u>25,896</u>
Total fire department	<u>4,270,316</u>	<u>4,117,150</u>	<u>4,245,067</u>
Police and fire commission			
Personnel services			
Physical exams	<u>16,500</u>	<u>5,448</u>	<u>5,448</u>
Total personnel services	<u>16,500</u>	<u>5,448</u>	<u>5,448</u>
Contractual services			
Miscellaneous contractual services	<u>10,015</u>	<u>8,157</u>	<u>8,157</u>
Total contractual services	<u>10,015</u>	<u>8,157</u>	<u>8,157</u>
Total police and fire commission	<u>26,515</u>	<u>13,605</u>	<u>13,605</u>
Building department			
Personnel services			
Salaries	256,305	238,062	243,747
FICA	19,607	18,683	18,683
IMRF	25,505	22,902	22,902
Community development health	83,997	64,424	64,424
Community development dental	5,000	3,634	3,634
Training	5,000	3,618	3,618
Total personnel services	<u>395,414</u>	<u>351,323</u>	<u>357,008</u>
Contractual services			
Telephone	2,400	2,351	2,351
Other professional services	<u>47,000</u>	<u>31,196</u>	<u>31,196</u>
Total contractual services	<u>49,400</u>	<u>33,547</u>	<u>33,547</u>

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Building department (Continued)			
Commodities			
Postage	\$ 3,200	\$ 2,323	\$ 2,323
Printing and publishing	2,875	2,066	2,066
Office supplies	8,500	4,308	4,308
Repairs and maintenance - equipment	6,100	5,970	5,970
Gas and oil	1,000	826	826
Maintenance of vehicles	1,000	115	115
Miscellaneous	750	1,429	1,429
Total commodities	<u>23,425</u>	<u>17,037</u>	<u>17,037</u>
Total building department	<u>468,239</u>	<u>401,907</u>	<u>407,592</u>
Civil defense			
Commodities			
Miscellaneous	7,000	8,794	8,794
Total commodities	<u>7,000</u>	<u>8,794</u>	<u>8,794</u>
Total civil defense	<u>7,000</u>	<u>8,794</u>	<u>8,794</u>
Total public safety	<u>12,827,569</u>	<u>12,133,982</u>	<u>12,416,919</u>
HIGHWAYS AND STREETS			
Street department			
Personnel services			
Salaries	672,391	660,525	669,111
Overtime	40,000	50,097	50,383
Group health insurance	180,060	189,914	185,394
Uniform allowance	16,000	15,912	15,912
Training	1,500	267	267
Total personnel services	<u>909,951</u>	<u>916,715</u>	<u>921,067</u>
Contractual services			
Telephone	7,000	10,360	10,360
Leaf cleanup	12,000	11,477	11,477
Total contractual services	<u>19,000</u>	<u>21,837</u>	<u>21,837</u>
Commodities			
Office supplies	6,000	3,493	3,493
Gas and oil	75,000	54,961	54,961
Repairs and maintenance - storm	30,000	27,403	27,403
Repairs and maintenance - sidewalk	40,000	65,458	65,458
Repairs and maintenance - building	9,700	34,178	34,178
Repairs and maintenance - equipment	110,000	117,906	117,906
Repairs and maintenance - traffic	30,000	29,223	29,223
Parking lot maintenance	95,000	153,330	153,330
Operating supplies	25,000	25,082	25,082
Miscellaneous	2,000	4,416	4,416
Total commodities	<u>422,700</u>	<u>515,450</u>	<u>515,450</u>
Capital outlay			
Equipment	-	45,100	45,100
Total capital outlay	<u>-</u>	<u>45,100</u>	<u>45,100</u>
Total street department	<u>1,351,651</u>	<u>1,499,102</u>	<u>1,503,454</u>

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
HIGHWAYS AND STREETS (Continued)			
Street lighting			
Contractual services			
Electric	\$ 240,000	\$ 258,256	\$ 258,256
Total contractual services	240,000	258,256	258,256
Commodities			
Repairs and maintenance - street lighting	40,000	14,680	14,680
Total commodities	40,000	14,680	14,680
Total street lighting	280,000	272,936	272,936
Garbage			
Commodities			
Miscellaneous	54,000	53,020	53,020
Total commodities	54,000	53,020	53,020
Total garbage	54,000	53,020	53,020
Forestry			
Contractual services			
Tree removal/purchase	50,000	30,694	30,694
Total contractual services	50,000	30,694	30,694
Total forestry	50,000	30,694	30,694
City engineering			
Commodities			
Office supplies	7,600	5,399	5,399
Engineering	27,000	24,056	24,056
Subdivision expenses	10,000	414	414
Total commodities	44,600	29,869	29,869
Total city engineering	44,600	29,869	29,869
Total highways and streets	1,780,251	1,885,621	1,889,973
HEALTH AND SOCIAL SERVICES			
Health regulations and inspections			
Commodities			
Council on aging	23,000	23,000	23,000
Demolition	-	1,628	1,628
Total commodities	23,000	24,628	24,628
Total health regulations and inspections	23,000	24,628	24,628
Total health and social services	23,000	24,628	24,628

(This schedule is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
COMMUNITY AND ECONOMIC DEVELOPMENT			
Economic development			
Commodities			
Planning department services	\$ 57,500	\$ 38,912	\$ 38,912
Economic development	89,800	84,945	84,945
Tourism	6,000	5,000	5,000
Historic preservation	4,000	19,200	19,200
Tripp Road reconstruction	-	58,411	58,411
Total commodities	<u>157,300</u>	<u>206,468</u>	<u>206,468</u>
Total economic development	<u>157,300</u>	<u>206,468</u>	<u>206,468</u>
Total community and economic development	<u>157,300</u>	<u>206,468</u>	<u>206,468</u>
TOTAL EXPENDITURES	<u><u>\$ 17,316,519</u></u>	<u><u>\$ 16,803,022</u></u>	<u><u>\$ 16,911,379</u></u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF BELVIDERE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2020

	Special Revenue		
	Motor Fuel Tax	Kishwaukee TIF	Kishwaukee TIF #2
ASSETS			
Cash and investments	\$ 557,837	\$ 11,656	\$ 4,915
Receivables			
Property taxes	-	18,621	-
Other	75,882	-	-
TOTAL ASSETS	\$ 633,719	\$ 30,277	\$ 4,915
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Advance from other funds	-	877	-
Total liabilities	-	877	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	18,621	-
Total deferred inflows of resources	-	18,621	-
Total liabilities and deferred inflows of resources	-	19,498	-
FUND BALANCES			
Restricted			
Public safety	-	-	-
Highways and streets	633,719	-	-
Capital projects	-	-	-
Economic development	-	10,779	4,915
Assigned			
Capital projects	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances (deficit)	633,719	10,779	4,915
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 633,719	\$ 30,277	\$ 4,915

Special Revenue						
Farmington SSA #2	Farmington SSA #3	Foreign Fire Insurance	Police Restricted	Capital Projects	Total	
\$ 12,857	\$ 560	\$ 23,527	\$ 349,493	\$ 1,592,816	\$ 2,553,661	
19,105	7,937	-	-	40,000	85,663	
-	-	-	-	22,350	98,232	
\$ 31,962	\$ 8,497	\$ 23,527	\$ 349,493	\$ 1,655,166	\$ 2,737,556	
\$ 4,765	\$ 2,739	\$ -	\$ -	\$ 24,185	\$ 31,689	
-	-	-	-	-	877	
4,765	2,739	-	-	24,185	32,566	
19,105	7,937	-	-	40,000	85,663	
19,105	7,937	-	-	40,000	85,663	
23,870	10,676	-	-	64,185	118,229	
-	-	23,527	349,493	10,178	383,198	
-	-	-	-	1,879	635,598	
8,092	-	-	-	-	8,092	
-	-	-	-	-	15,694	
-	-	-	-	1,578,924	1,578,924	
-	(2,179)	-	-	-	(2,179)	
8,092	(2,179)	23,527	349,493	1,590,981	2,619,327	
\$ 31,962	\$ 8,497	\$ 23,527	\$ 349,493	\$ 1,655,166	\$ 2,737,556	

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2020

	Special Revenue		
	Motor Fuel Tax	Kishwaukee TIF	Kishwaukee TIF #2
REVENUES			
Taxes	\$ -	\$ 22,898	\$ -
Intergovernmental	951,226	-	-
Charges for services	-	-	-
Investment income	6,486	-	-
Miscellaneous	-	-	-
Total revenues	957,712	22,898	-
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Highways and streets	820,846	-	-
Capital outlay	-	439,825	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	8,618	-
Total expenditures	820,846	448,443	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	136,866	(425,545)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Insurance recoveries	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	136,866	(425,545)	-
FUND BALANCES, MAY 1	496,853	436,324	4,915
FUND BALANCES (DEFICIT), APRIL 30	\$ 633,719	\$ 10,779	\$ 4,915

Special Revenue						
Farmington SSA #2	Farmington SSA #3	Foreign Fire Insurance	Police Restricted	Capital Projects	Total	
\$ 18,310	\$ 7,760	\$ 40,583	\$ -	\$ 40,056	\$ 129,607	
-	-	-	-	112,569	1,063,795	
-	-	-	97,622	19,365	116,987	
-	-	35	-	14,064	20,585	
-	-	-	-	74,816	74,816	
18,310	7,760	40,618	97,622	260,870	1,405,790	
18,454	12,138	-	-	-	30,592	
-	-	61,463	70,140	-	131,603	
-	-	-	-	386,134	1,206,980	
-	-	-	-	728,100	1,167,925	
-	-	-	-	117,346	117,346	
-	-	-	-	11,653	20,271	
18,454	12,138	61,463	70,140	1,243,233	2,674,717	
(144)	(4,378)	(20,845)	27,482	(982,363)	(1,268,927)	
-	1,000	-	-	1,846,636	1,847,636	
(1,000)	-	-	-	-	(1,000)	
-	-	-	-	15,229	15,229	
(1,000)	1,000	-	-	1,861,865	1,861,865	
(1,144)	(3,378)	(20,845)	27,482	879,502	592,938	
9,236	1,199	44,372	322,011	711,479	2,026,389	
\$ 8,092	\$ (2,179)	\$ 23,527	\$ 349,493	\$ 1,590,981	\$ 2,619,327	

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allotments	\$ 678,519	\$ 931,975	\$ 951,226
Investment income	3,000	6,486	6,486
	<hr/>	<hr/>	<hr/>
Total revenues	681,519	938,461	957,712
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Highways and streets			
Street maintenance	885,000	820,847	820,846
	<hr/>	<hr/>	<hr/>
Total expenditures	885,000	820,847	820,846
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (203,481)</u>	<u>\$ 117,614</u>	136,866
FUND BALANCE, MAY 1			<hr/> 496,853
FUND BALANCE, APRIL 30			<hr/> <u>\$ 633,719</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 22,000	\$ 22,898	\$ 22,898
Total revenues	<u>22,000</u>	<u>22,898</u>	<u>22,898</u>
EXPENDITURES			
Capital outlay	-	71	439,825
Debt service			
Interest and fiscal charges	<u>8,750</u>	<u>8,618</u>	<u>8,618</u>
Total expenditures	<u>8,750</u>	<u>8,689</u>	<u>448,443</u>
NET CHANGE IN FUND BALANCE	<u>\$ 13,250</u>	<u>\$ 14,209</u>	(425,545)
FUND BALANCE, MAY 1			<u>436,324</u>
FUND BALANCE, APRIL 30			<u>\$ 10,779</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 16,500	\$ 18,310	\$ 18,310
Total revenues	<u>16,500</u>	<u>18,310</u>	<u>18,310</u>
EXPENDITURES			
General government			
Repairs and maintenance	15,500	18,454	18,454
Total expenditures	<u>15,500</u>	<u>18,454</u>	<u>18,454</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,000</u>	<u>(144)</u>	<u>(144)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(1,000)	(1,000)
Total other financing sources (uses)	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,000</u>	<u>\$ (1,144)</u>	(1,144)
FUND BALANCE, MAY 1			<u>9,236</u>
FUND BALANCE, APRIL 30			<u><u>\$ 8,092</u></u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FARMINGTON SSA #3 FUND**

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 6,700	\$ 7,760	\$ 7,760
Total revenues	<u>6,700</u>	<u>7,760</u>	<u>7,760</u>
EXPENDITURES			
General government			
Repairs and maintenance	<u>6,700</u>	<u>12,139</u>	<u>12,138</u>
Total expenditures	<u>6,700</u>	<u>12,139</u>	<u>12,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(4,379)</u>	<u>(4,378)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total other financing sources (uses)	<u>-</u>	<u>1,000</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (3,379)</u>	<u>(3,378)</u>
FUND BALANCE, MAY 1			<u>1,199</u>
FUND BALANCE (DEFICIT), APRIL 30			<u>\$ (2,179)</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property taxes	\$ 40,000	\$ 40,056	\$ 40,056
Intergovernmental	-	109,584	112,569
Charges for services	-	-	19,365
Investment income	8,075	14,062	14,064
Miscellaneous	-	90,045	74,816
	<hr/>	<hr/>	<hr/>
Total revenues	48,075	253,747	260,870
EXPENDITURES			
Current			
Highways and streets			
Miscellaneous	140,000	386,134	386,134
Capital outlay			
Vehicles	367,828	350,782	282,578
Infrastructure	612,000	67,510	94,829
Buildings and improvements	25,000	100,700	100,700
Equipment	222,980	249,993	249,993
Debt service			
Principal	55,000	55,000	117,346
Interest and fiscal charges	5,838	5,795	11,653
	<hr/>	<hr/>	<hr/>
Total expenditures	1,428,646	1,215,914	1,243,233
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/>	<hr/>	<hr/>
	(1,380,571)	(962,167)	(982,363)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,763,646	1,846,636	1,846,636
Insurance recoveries	-	-	15,229
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,763,646	1,846,636	1,861,865
NET CHANGE IN FUND BALANCE	<hr/>	<hr/>	<hr/>
	\$ 383,075	\$ 884,469	879,502
FUND BALANCE, MAY 1			<hr/>
			711,479
FUND BALANCE, APRIL 30			<hr/>
			\$ 1,590,981

(See independent auditor's report.)

MAJOR PROPRIETARY FUNDS

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water sales	\$ 2,119,105	\$ 1,932,566	\$ 1,889,037
Sewer charges	3,287,944	3,013,437	2,946,022
Water connection fees	20,000	19,592	19,592
Sewer connection fees	24,000	39,876	39,876
Water meter sales	93,650	92,946	92,946
Sewer meter sales	93,650	84,497	84,497
Other	7,500	542,985	591,923
	<hr/>	<hr/>	<hr/>
Total operating revenues	5,645,849	5,725,899	5,663,893
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Water	1,895,206	1,982,933	2,100,956
Sewer	7,148,717	3,638,101	3,717,138
Collection system	635,611	624,112	653,922
	<hr/>	<hr/>	<hr/>
Total operating expenses excluding depreciation	9,679,534	6,245,146	6,472,016
OPERATING INCOME (LOSS)	<hr/>	<hr/>	<hr/>
	(4,033,685)	(519,247)	(808,123)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	91,850	115,795	198,363
Grants	-	5,990	5,990
Insurance recoveries	-	314	314
Principal payments	(364,917)	(364,917)	(364,917)
Interest and fiscal charges	(25,074)	(25,074)	(22,859)
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	(298,141)	(267,892)	(183,109)
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	<hr/>	<hr/>	<hr/>
	(4,331,826)	(787,139)	(991,232)
CAPITAL GRANTS AND CONTRIBUTIONS			
Contributed capital assets	-	-	30,270
	<hr/>	<hr/>	<hr/>
Total capital grants and contributions	-	-	30,270
CHANGE IN NET POSITION - BUDGETARY BASIS	<hr/>	<hr/>	<hr/>
	\$ (4,331,826)	\$ (787,139)	(960,962)
ADJUSTMENTS TO GAAP BASIS			
Additions to capital assets			1,950,383
Depreciation and amortization			(1,701,092)
Principal payments			364,917
			<hr/>
Total adjustment to GAAP basis			614,208
CHANGE IN NET POSITION - GAAP BASIS			<hr/>
			(346,754)
NET POSITION, MAY 1			<hr/>
			43,004,827
NET POSITION, APRIL 30			<hr/>
			\$ 42,658,073

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
WATER			
Personnel services			
Salaries	\$ 600,762	\$ 598,607	\$ 598,691
Overtime	35,000	43,751	43,399
IMRF	63,258	68,005	76,373
FICA/Medicare	48,636	52,560	52,560
OPEB	-	-	39,305
Group health insurance	208,390	192,718	192,035
Uniform allowance	12,600	7,409	7,409
Total personnel services	<u>968,646</u>	<u>963,050</u>	<u>1,009,772</u>
Capital outlay			
Equipment	-	129,372	-
Total capital outlay	<u>-</u>	<u>129,372</u>	<u>-</u>
Contractual services			
Utilities	260,000	223,094	223,094
Telephone	9,000	10,224	10,224
Liability insurance	122,560	110,891	111,263
Lab expense	36,000	25,244	25,244
Other professional services	12,000	4,255	4,255
Total contractual services	<u>439,560</u>	<u>373,708</u>	<u>374,080</u>
Commodities			
Chemicals	90,000	86,533	86,533
Gas and oil	20,000	16,898	16,898
Postage	20,000	15,516	15,516
Meters	20,000	36,225	38,361
Repair and maintenance - infrastructure	72,000	106,456	105,343
Repair and maintenance - building	16,000	12,927	12,927
Repair and maintenance - equipment	33,000	41,405	57,355
Repair and maintenance - vehicle	20,000	16,166	16,166
Repair and maintenance - contractual	85,000	69,947	69,947
Office supplies	9,000	6,757	6,757
Office equipment rental/maintenance	28,000	33,348	33,348
Operating supplies	65,000	72,491	72,491
Bad debt expense	2,000	392	392
Miscellaneous	7,000	1,742	1,742
Total commodities	<u>487,000</u>	<u>516,803</u>	<u>533,776</u>
Total water	<u>1,895,206</u>	<u>1,982,933</u>	<u>1,917,628</u>

(This schedule is continued on the following pages.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
SEWER			
Personnel services			
Salaries	\$ 634,759	\$ 602,766	\$ 604,470
Overtime	55,000	47,599	47,599
IMRF	68,631	68,285	76,929
OPEB	-	-	40,524
Group health insurance	179,480	179,897	180,852
FICA	52,767	44,248	44,248
Uniform allowance	19,000	25,236	25,236
Total personnel services	<u>1,009,637</u>	<u>968,031</u>	<u>1,019,858</u>
Capital outlay			
Equipment	5,204,000	1,741,628	-
Total capital outlay	<u>5,204,000</u>	<u>1,741,628</u>	<u>-</u>
Contractual services			
Utilities	230,000	212,106	212,106
Telephone	11,000	9,290	9,290
Liability insurance	145,580	131,683	132,124
Lab expense	40,000	45,528	45,528
Other professional services	73,500	89,797	89,797
Total contractual services	<u>500,080</u>	<u>488,404</u>	<u>488,845</u>
Commodities			
Chemicals	45,000	48,730	48,730
Gas and oil	30,000	16,528	16,528
Postage	18,000	15,516	15,516
Office equipment rental/maintenance	6,000	3,901	3,901
Sludge disposal	10,000	9,386	9,386
Repair and maintenance - lift station	20,000	12,977	13,141
Repair and maintenance - building	123,000	101,006	101,006
Repair and maintenance - equipment	-	87,819	87,819
Repair and maintenance - vehicle	26,000	10,887	10,887
Repair and maintenance - contractual	100,000	63,706	63,706
Office supplies	8,000	10,772	10,772
Operating supplies	20,000	23,793	24,971
Meters	20,000	31,475	31,475
Bad debt expense	4,000	516	516
Miscellaneous	5,000	3,026	3,026
Total commodities	<u>435,000</u>	<u>440,038</u>	<u>441,380</u>
Total sewer	<u>7,148,717</u>	<u>3,638,101</u>	<u>1,950,083</u>

(This schedule is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
COLLECTION SYSTEM			
Personnel services			
Salaries	\$ 308,462	\$ 296,617	\$ 300,356
Overtime	30,000	32,740	34,034
IMRF	33,677	36,396	40,958
FICA	25,892	26,303	26,303
OPEB	-	-	21,307
Group health insurance	95,980	97,241	96,149
Uniform allowance	6,600	5,395	5,395
Total personnel services	<u>500,611</u>	<u>494,692</u>	<u>524,502</u>
Commodities			
Gas and oil	10,000	8,181	8,181
Office equipment rental/maintenance	30,000	28,347	28,347
Repair and maintenance - infrastructure	40,000	43,742	43,742
Repair and maintenance - equipment	12,000	12,601	12,601
Repair and maintenance - vehicle	20,000	10,645	10,645
Operating supplies	20,000	25,387	25,387
Miscellaneous	3,000	517	517
Total commodities	<u>135,000</u>	<u>129,420</u>	<u>129,420</u>
Total collection system	<u>635,611</u>	<u>624,112</u>	<u>653,922</u>
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION	<u>\$ 9,679,534</u>	<u>\$ 6,245,146</u>	<u>\$ 4,521,633</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF BELVIDERE, ILLINOIS

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

April 30, 2020

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and short-term investments	\$ 10,000	\$ 8,150	\$ 18,150
Investments at fair value			
U.S. Treasury obligations	883,076	681,037	1,564,113
U.S. agency obligations	4,723,102	3,425,478	8,148,580
Municipal bonds	923,872	638,960	1,562,832
Corporate bonds	2,020,749	966,252	2,987,001
Mortgage-backed securities	1,544	42,461	44,005
Negotiable certificate of deposit	252,270	-	252,270
Mutual funds	13,678,343	9,287,187	22,965,530
Money market mutual funds	593,371	298,531	891,902
Insurance contracts	-	1,199,318	1,199,318
Total investments	<u>23,076,327</u>	<u>16,539,224</u>	<u>39,615,551</u>
Receivables			
Accrued interest	<u>72,223</u>	<u>42,614</u>	<u>114,837</u>
Total receivables	<u>72,223</u>	<u>42,614</u>	<u>114,837</u>
Prepaid items	<u>530</u>	<u>946</u>	<u>1,476</u>
Total assets	<u>23,159,080</u>	<u>16,590,934</u>	<u>39,750,014</u>
LIABILITIES			
Accounts payable	<u>6,390</u>	<u>3,277</u>	<u>9,667</u>
Total liabilities	<u>6,390</u>	<u>3,277</u>	<u>9,667</u>
NET POSITION RESTRICTED FOR PENSIONS			
	<u>\$ 23,152,690</u>	<u>\$ 16,587,657</u>	<u>\$ 39,740,347</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,304,119	\$ 1,103,287	\$ 2,407,406
Employee	341,551	200,958	542,509
Other	-	2,555	2,555
Total contributions	<u>1,645,670</u>	<u>1,306,800</u>	<u>2,952,470</u>
Investment income			
Net depreciation in fair value of investments	(408,899)	(96,744)	(505,643)
Interest and dividends	688,143	441,532	1,129,675
Total investment income	279,244	344,788	624,032
Less investment expenses	<u>(40,121)</u>	<u>(30,069)</u>	<u>(70,190)</u>
Net investment income	<u>239,123</u>	<u>314,719</u>	<u>553,842</u>
Total additions	<u>1,884,793</u>	<u>1,621,519</u>	<u>3,506,312</u>
DEDUCTIONS			
Benefits and refunds	1,513,424	1,462,932	2,976,356
Administrative expenses	44,942	39,184	84,126
Total deductions	<u>1,558,366</u>	<u>1,502,116</u>	<u>3,060,482</u>
NET INCREASE	326,427	119,403	445,830
NET POSITION RESTRICTED FOR PENSIONS			
May 1	<u>22,826,263</u>	<u>16,468,254</u>	<u>39,294,517</u>
April 30	<u>\$ 23,152,690</u>	<u>\$ 16,587,657</u>	<u>\$ 39,740,347</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 1,304,118	\$ 1,304,119	\$ 1,304,119
Employee	340,000	341,335	341,551
Total contributions	<u>1,644,118</u>	<u>1,645,454</u>	<u>1,645,670</u>
Investment income			
Net appreciation (depreciation) in fair value of investments	-	-	(408,899)
Interest and dividends	<u>1,300,000</u>	<u>209,240</u>	<u>688,143</u>
Total investment income	1,300,000	209,240	279,244
Less investment expenses	<u>(50,000)</u>	<u>(56,488)</u>	<u>(40,121)</u>
Net investment income	<u>1,250,000</u>	<u>152,752</u>	<u>239,123</u>
Total additions	<u>2,894,118</u>	<u>1,798,206</u>	<u>1,884,793</u>
DEDUCTIONS			
Benefits and refunds	1,498,200	1,513,424	1,513,424
Administrative expenses	-	-	44,942
Total deductions	<u>1,498,200</u>	<u>1,513,424</u>	<u>1,558,366</u>
NET INCREASE	<u>\$ 1,395,918</u>	<u>\$ 284,782</u>	326,427
NET POSITION RESTRICTED FOR PENSIONS			
May 1			<u>22,826,263</u>
April 30			<u>\$ 23,152,690</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions			
Employer	\$ 1,103,286	\$ 1,103,287	\$ 1,103,287
Employee	207,185	203,513	200,958
Other	-	-	2,555
Total contributions	<u>1,310,471</u>	<u>1,306,800</u>	<u>1,306,800</u>
Investment income			
Net appreciation (depreciation) in fair value of investments	-	-	(96,744)
Interest	1,100,000	314,460	441,532
Total investment income	1,100,000	314,460	344,788
Less investment expenses	<u>(50,000)</u>	<u>(37,989)</u>	<u>(30,069)</u>
Net investment income	<u>1,050,000</u>	<u>276,471</u>	<u>314,719</u>
Total additions	<u>2,360,471</u>	<u>1,583,271</u>	<u>1,621,519</u>
DEDUCTIONS			
Benefits and refunds	1,341,050	1,462,932	1,462,932
Administrative expenses	-	-	39,184
Total deductions	<u>1,341,050</u>	<u>1,462,932</u>	<u>1,502,116</u>
NET INCREASE	<u>\$ 1,019,421</u>	<u>\$ 120,339</u>	119,403
NET POSITION RESTRICTED FOR PENSIONS			
May 1			<u>16,468,254</u>
April 30			<u>\$ 16,587,657</u>

(See independent auditor's report.)

COMPONENT UNIT

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF NET POSITION AND BALANCE SHEET
IDA PUBLIC LIBRARY

April 30, 2020

	Balance Sheet	Adjustments	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets			
Cash and investments	\$ 712,095	\$ -	\$ 712,095
Receivables, net where applicable of allowance for uncollectibles			
Property taxes	726,224	-	726,224
Other	31,981	-	31,981
Prepaid expenses	10,983	-	10,983
Total current assets	<u>1,481,283</u>	<u>-</u>	<u>1,481,283</u>
Noncurrent assets			
Capital assets not being depreciated	-	290,999	290,999
Capital assets being depreciated, net of accumulated depreciation	-	537,973	537,973
Total noncurrent assets	<u>-</u>	<u>828,972</u>	<u>828,972</u>
Total assets	<u>1,481,283</u>	<u>828,972</u>	<u>2,310,255</u>
Deferred outflows of resources			
Pension items - IMRF	-	52,545	52,545
Pension items - OPEB	-	12,451	12,451
Total deferred outflow of resources	<u>-</u>	<u>64,996</u>	<u>64,996</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,481,283</u>	<u>\$ 893,968</u>	<u>\$ 2,375,251</u>

(This statement is continued on the following page.)

CITY OF BELVIDERE, ILLINOIS

STATEMENT OF NET POSITION AND BALANCE SHEET (Continued)
IDA PUBLIC LIBRARY

April 30, 2020

	Balance Sheet	Adjustments	Statement of Net Position
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/ NET POSITION			
LIABILITIES			
Current liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	6,180	-	6,180
Unearned revenue	2,500	-	2,500
Compensated absences payable	-	2,851	2,851
Mortgage loans payable	-	100,210	100,210
Total OPEB liability	-	901	901
Total current liabilities	8,680	103,962	112,642
Noncurrent liabilities			
Net pension liability - IMRF	-	113,658	113,658
Compensated absences	-	11,405	11,405
Mortgage loans payable	-	185,385	185,385
Total OPEB liability	-	114,167	114,167
Total noncurrent liabilities	-	424,615	424,615
Total liabilities	8,680	528,577	537,257
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	-	157,558	157,558
Deferred revenue - property taxes	726,224	62,955	789,179
Total deferred inflows of resources	726,224	220,513	946,737
Total liabilities and deferred inflows of resources	734,904	749,090	1,483,994
FUND BALANCE/NET POSITION			
Net investment in capital assets	-	543,377	543,377
Nonspendable - prepaids	10,983	(10,983)	-
Restricted - donor specific	157,469	-	157,469
Unassigned (deficit)	577,927	(387,516)	190,411
Total fund balance	746,379	144,878	891,257
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/ NET POSITION	\$ 1,481,283	\$ 893,968	\$ 2,375,251

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Adjustments	Statement of Activities
REVENUES					
Taxes					
Property taxes	\$ 711,000	\$ 711,000	\$ 711,691	\$ -	\$ 711,691
Replacement taxes	39,000	39,000	40,700	-	40,700
Grants and contributions	28,500	28,500	37,827	-	37,827
Charges for services	47,400	47,400	41,183	-	41,183
Investment income	6,500	6,500	17,034	-	17,034
Miscellaneous	11,600	11,600	10,453	-	10,453
Total revenues	<u>844,000</u>	<u>844,000</u>	<u>858,888</u>	<u>-</u>	<u>858,888</u>
EXPENDITURES					
Current					
Culture and recreation	681,150	681,150	604,359	184,808	789,167
Capital outlay	162,850	162,850	136,712	(136,712)	-
Debt service					
Principal	-	-	14,891	(14,891)	-
Interest and fiscal charges	-	-	15,293	-	15,293
Total expenditures	<u>844,000</u>	<u>844,000</u>	<u>771,255</u>	<u>33,205</u>	<u>804,460</u>
CHANGE IN NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>87,633</u>	<u>(33,205)</u>	<u>54,428</u>
NET POSITION, MAY 1			694,749	178,083	872,832
Prior period adjustment			<u>(36,003)</u>	<u>-</u>	<u>(36,003)</u>
NET POSITION, MAY 1, RESTATED			<u>658,746</u>	<u>178,083</u>	<u>836,829</u>
NET POSITION, APRIL 30			<u>\$ 746,379</u>	<u>\$ 144,878</u>	<u>\$ 891,257</u>

(See independent auditor's report.)

SUPPLEMENTAL SCHEDULES

CITY OF BELVIDERE, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
CAPITAL LEASE PAYABLE**

April 30, 2020

Date of Issue	December 21, 2016
Date of Maturity	June 1, 2022
Authorized Issue	\$384,285
Interest Rates	2.475%
Interest Date	June 1
Principal Date	June 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Amounts Due		
	Principal	Interest	Total
2021	\$ 63,907	\$ 4,921	\$ 68,828
2022	65,507	3,321	68,828
2023	67,147	1,681	68,828
	<u>\$ 196,561</u>	<u>\$ 9,923</u>	<u>\$ 206,484</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

April 30, 2020

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Amounts Due		
	Principal	Interest	Total
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>\$ 375,098</u>	<u>\$ 16,644</u>	<u>\$ 391,742</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

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

April 30, 2020

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Amounts Due		
	Principal	Interest	Total
2021	\$ 106,233	\$ 17,519	\$ 123,752
2022	107,565	16,187	123,752
2023	108,914	14,838	123,752
2024	110,280	13,472	123,752
2025	111,662	12,090	123,752
2026	113,062	10,690	123,752
2027	114,480	9,272	123,752
2028	115,916	7,836	123,752
2029	117,369	6,383	123,752
2030	118,841	4,911	123,752
2031	120,331	3,421	123,752
2032	121,840	1,912	123,752
2033	61,485	384	61,869
	<u>\$ 1,427,978</u>	<u>\$ 118,915</u>	<u>\$ 1,546,893</u>

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT**

For the Year Ended April 30, 2020

CSFA Number	Program Name	State	Federal	Other	Total
494-00-0967	High-Growth Cities Program	\$ 7,097	\$ -	\$ -	\$ 7,097
494-00-1488	Motor Fuel Tax Program	813,749	-	-	813,749
494-00-0957	IDOT Trip Road Grant	32,100	-	-	32,100
569-00-1669	Street Camera Grant	-	86,280	-	86,280
494-10-0343	State & Community Highway Safety/ National Priority Safety Programs	-	21,147	-	21,147
420-00-1858	Intersection Improvements DCEO Grant	5,725	-	-	5,725
420-00-1860	Road Improvements DCEO Grant	2,985	-	-	2,985
422-50-1655	Historic Preservation Fund Grant	-	9,862	-	9,862
	Other grant programs and activities	35,310	108,186	-	143,496
	All other costs not allocated	-	-	27,876,073	27,876,073
TOTALS		<u>\$ 896,966</u>	<u>\$ 225,475</u>	<u>\$ 27,876,073</u>	<u>\$ 28,998,514</u>

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF BELVIDERE, ILLINOIS

ASSESSED VALUATIONS, TAX RATES, AND TAX EXTENSIONS

Last Six Tax Levy Years

Tax Levy Year	2014	2015	2016	2017	2018	2019
Assessed Valuations						
City	\$ 291,335,467	\$ 293,958,710	\$ 308,270,221	\$ 322,311,995	\$ 338,207,857	\$ 352,823,338
Library	\$ 291,335,467	\$ 293,858,710	\$ 308,270,221	\$ 322,311,995	\$ 338,207,857	\$ 352,823,338
Tax Rates - City						
Corporate	0.61271	0.60660	0.56329	0.53972	0.51194	0.48902
IMRF	0.02518	0.02481	0.02178	0.02071	0.01964	0.01876
Fire Protection	0.00700	0.00690	0.00670	0.00638	0.00605	0.00578
Firefighters' Pension	0.25112	0.27457	0.32452	0.31890	0.30248	0.28894
Police Protection	0.00700	0.00689	0.00670	0.00637	0.00605	0.00578
Police Pension	0.35452	0.35311	0.36368	0.37632	0.35695	0.34097
Garbage	0.02273	0.01551	0.01508	0.01593	0.01511	0.01444
Audit	0.00703	0.00690	0.00670	0.00638	0.00605	0.00578
Street Lighting	0.07344	0.07236	0.06700	0.06690	0.06345	0.06061
Public Benefit	0.01399	0.01379	0.01340	0.01275	0.01209	0.01155
Civil Defense	0.00245	0.00242	0.00235	0.00223	0.00212	0.00203
Social Security	0.07869	0.07753	0.06700	0.06371	0.06043	0.05773
Forestry	0.01399	0.01379	0.01173	0.01275	0.01209	0.01155
Special Road and Bridge	0.02099	-	0.02010	0.01912	0.01813	0.01732
Tort Judgment/Liability Insurance	0.11540	0.11026	0.09715	0.09557	0.09065	0.08659
Insurance	0.02798	0.02757	0.02513	0.02390	0.02267	0.02165
	1.63422	1.63369	1.61231	1.58764	1.50590	1.43850
Tax Rates - Library						
Corporate	0.23464	0.23304	0.22999	0.22646	0.21034	0.20594
Total Tax Rates	1.86886	1.8667	1.8423	1.8141	1.7162	1.6444
Tax Extensions - City						
Corporate	\$ 1,752,157	\$ 1,760,579	\$ 1,681,554	\$ 1,694,390	\$ 1,694,409	\$ 1,694,393
IMRF	72,007	72,008	65,018	65,017	65,004	65,001
Fire Protection	20,018	20,026	20,001	20,029	20,024	20,027
Firefighters' Pension	718,124	796,904	968,769	1,001,150	1,001,142	1,001,141
Police Protection	20,018	20,026	20,001	20,029	20,024	20,027
Police Pension	1,013,815	1,024,856	1,085,671	1,181,445	1,181,426	1,181,418
Garbage	65,001	45,016	45,017	50,011	50,011	50,033
Audit	20,103	20,026	20,001	20,029	20,024	20,027
Street Lighting	210,016	210,016	200,011	210,025	210,006	210,006
Public Benefit	40,007	40,024	40,002	40,027	40,015	40,019
Civil Defense	7,006	7,024	7,015	7,001	7,017	7,034
Social Security	225,028	225,021	200,011	200,010	200,010	200,027
Forestry	40,007	40,024	35,017	40,027	40,015	40,019
Special Road and Bridge	60,025	60,021	60,003	60,025	60,006	60,012
Tort Judgment/Liability Insurance	330,007	320,015	290,016	300,031	300,032	300,023
Insurance	80,014	80,018	75,019	75,032	75,033	75,015
	4,673,353	4,741,604	4,813,126	4,984,278	4,984,198	4,984,222
Tax Extensions - Library						
Corporate	683,590	676,369	686,574	710,945	710,950	726,241
Total Tax Extensions	\$ 5,356,943	\$ 5,417,973	\$ 5,499,700	\$ 5,695,223	\$ 5,695,148	\$ 5,710,463

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Tax Levy Years

Tax Levy Year	Fiscal Year	Tax Levy Extensions	Total Collections to Date	
			Amount*	Percent of Levy Collected
2010	2012	\$ 4,237,013	\$ 4,381,602	103.41%
2011	2013	4,119,723	4,093,709	99.37%
2012	2014	4,462,309	4,453,854	99.81%
2013	2015	4,573,916	4,569,415	99.90%
2014	2016	4,673,353	4,680,978	100.16%
2015	2017	4,741,604	4,748,444	100.14%
2016	2018	4,813,126	4,822,065	100.19%
2017	2019	4,984,278	4,995,340	100.22%
2018	2020	4,984,198	4,988,658	100.09%
2019	2021	4,984,222	-	0.00%

*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.

(See independent auditor's report.)

CITY OF BELVIDERE, ILLINOIS

LEGAL DEBT MARGIN

Last Six Tax Levy Years

Tax Levy Year	2014	2015	2016	2017	2018	2019
Assessed valuation	\$ 291,335,467	\$ 293,958,710	\$ 308,270,221	\$ 322,311,995	\$ 338,207,857	\$ 352,823,338
Bonded debt limit - 8.625% of assessed value	\$ 25,127,684	\$ 25,353,939	\$ 26,588,307	\$ 27,799,410	\$ 29,170,428	\$ 30,431,013
Amount of debt applicable to limit	635,098	585,098	535,098	485,098	430,098	375,098
LEGAL DEBT MARGIN	\$ 24,492,586	\$ 24,768,841	\$ 26,053,209	\$ 27,314,312	\$ 28,740,330	\$ 30,055,915
PERCENTAGE OF LEGAL DEBT MARGIN TO BONDED DEBT LIMIT	2.53%	2.31%	2.01%	1.74%	1.47%	1.23%

Note: The City is a home rule municipality. To date, the General Assesmbly has set no debt limits for home rule municipalities.

(See independent auditor's report.)