

CITY OF BELVIDERE, ILLINOIS



**ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2014**

CITY OF BELVIDERE, ILLINOIS

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INTRODUCTORY SECTION

CITY OF BELVIDERE, ILLINOIS

**List of Principal Officials
April 30, 2014**

ELECTED OFFICIALS

Mayor: Mike Chamberlain

City Clerk: Shauna Arco

Treasurer: Ric Brereton

Ward 1:

Ward 1:

Clinton Morris, Alderman
Clayton Stevens, Alderman

Ward 2:

Ward 2:

Samantha Brown, Alderman
Daniel Snow, Alderman

Ward 3:

Ward 3:

Thomas Ratcliffe, Alderman
Karen Schrader, Alderman

Ward 4:

Ward 4:

Ronald Brooks, Alderman
George Crawford, Alderman

Ward 5:

Ward 5:

John Sanders, Alderman
James Campbell, Alderman

ADMINISTRATIVE

Police Chief:

Jan Noble

Fire Chief:

David Worrell

Finance Director:

Becky Tobin

Public Works Director:

Brent Anderson

Building Director:

Lesa Morelock

City Attorney:

Mike Drella

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

July 23, 2014

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois, as of and for the year ended April 30, 2014, and the related notes to the 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 did not audit the financial statements of the Police Pension Trust Fund and the Firefighters' Pension Trust Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Pension Trust Fund and the Firefighters' Pension Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Belvidere, Illinois, as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belvidere, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements and schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information – Continued

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Lauterbach + Amen LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2014

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, 2014. 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 increased as a result of this year's operations. While net position of business-type activities increased by \$1,198,523, or 2.7 percent, net position of the governmental activities decreased by \$1,190,787 or nearly 4.0 percent.
- During the year, government-wide revenues before transfers for the primary government totaled \$22,713,227 while expenses totaled \$22,705,491, resulting in an increase to net position of \$7,736.
- The City's net position totaled \$73,287,128 on April 30, 2014, which includes \$57,212,859 net investment in capital assets, \$4,020,372 subject to external restrictions, and \$12,053,897 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$994,054 resulting in ending fund balance of \$9,766,118 an increase of 11.3 percent.

USING THIS ANNUAL REPORT

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

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City of Belvidere's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 4 - 7 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, 2014

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, 2014

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

The City of Belvidere maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8 - 11 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 12 - 15 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 16 - 17 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 18 - 58 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 59 - 64 of this report.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2014

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 65 - 93 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City of Belvidere, assets/deferred outflows exceeded liabilities/deferred inflows by \$73,287,128.

	Governmental		Net Position		Total	
	Activities		Business-type			
	2014	2013	2014	2013	2014	2013
Current/Other Assets/Deferred Outflows	\$ 16,172,671	15,060,198	12,183,432	13,308,972	28,356,103	28,369,170
Capital Assets	28,143,201	29,929,898	36,998,216	36,377,737	65,141,417	66,307,635
Total Assets	44,315,872	44,990,096	49,181,648	49,686,709	93,497,520	94,676,805
Long-Term Debt	9,589,133	8,999,512	3,717,244	4,912,098	13,306,377	13,911,610
Other Liabilities/Deferred Inflows	6,293,359	6,366,417	610,656	1,119,386	6,904,015	7,485,803
Total Liabilities	15,882,492	15,365,929	4,327,900	6,031,484	20,210,392	21,397,413
Net Position						
Net Investment in Capital Assets	24,287,103	26,141,105	32,925,756	30,567,417	57,212,859	56,708,522
Restricted	762,562	641,827	3,257,810	4,007,220	4,020,372	4,649,047
Unrestricted (Deficit)	3,383,715	2,841,235	8,670,182	9,080,588	12,053,897	11,921,823
Total Net Position	28,433,380	29,624,167	44,853,748	43,655,225	73,287,128	73,279,392

A large portion of the City's net position, \$57,212,859 or 77.7percent, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$4,020,372 or 5.5 percent, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining 16.4 percent, or \$12,053,897, represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors. At year-end, the City is able to report positive balances in all categories of net position for both the governmental and the business-type activities, and was able to do so in the prior fiscal year as well.

CITY OF BELVIDERE, ILLINOIS

**Management's Discussion and Analysis
April 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services	\$ 1,152,591	1,100,023	5,915,134	6,231,289	7,067,725	7,331,312
Operating Grants/Contrib.	-	-	-	-	-	-
Capital Grants/Contrib.	1,003,395	3,680,304	-	2,074,774	1,003,395	5,755,078
General Revenues						
Property Taxes	4,883,559	4,909,809	-	-	4,883,559	4,909,809
Utility Taxes	2,315,922	2,186,708	-	-	2,315,922	2,186,708
Replacement Taxes	344,106	422,887	-	-	344,106	422,887
Other Taxes	188,511	181,565	-	-	188,511	181,565
Sales and Use Taxes	3,587,440	3,612,765	-	-	3,587,440	3,612,765
Income Taxes	2,443,256	2,420,836	-	-	2,443,256	2,420,836
Other General Revenues	731,442	1,460,337	147,871	175,326	879,313	1,635,663
Total Revenues	16,650,222	19,975,234	6,063,005	8,481,389	22,713,227	28,456,623
Expenses						
General Government	2,343,180	3,372,938	-	-	2,343,180	3,372,938
Public Safety	10,400,816	9,868,096	-	-	10,400,816	9,868,096
Highways and Streets	4,122,753	3,765,851	-	-	4,122,753	3,765,851
Health and Social Services	24,365	23,000	-	-	24,365	23,000
Community/Economic Devel.	182,835	202,636	-	-	182,835	202,636
Interest on Long-Term Debt	347,064	354,014	-	-	347,064	354,014
Water and Sewer	-	-	5,284,478	5,268,548	5,284,478	5,268,548
Total Expenses	17,421,013	17,586,535	5,284,478	5,268,548	22,705,491	22,855,083
Change in Net Position Before Transfers	(770,791)	2,388,699	778,527	3,212,841	7,736	5,601,540
Transfers	(419,996)	(141,996)	419,996	141,996	-	-
Change in Net Position	(1,190,787)	2,246,703	1,198,523	3,354,837	7,736	5,601,540
Net Position - Beginning	29,624,167	27,377,464	43,655,225	40,300,388	73,279,392	67,677,852
Net Position - Ending	28,433,380	29,624,167	44,853,748	43,655,225	73,287,128	73,279,392

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

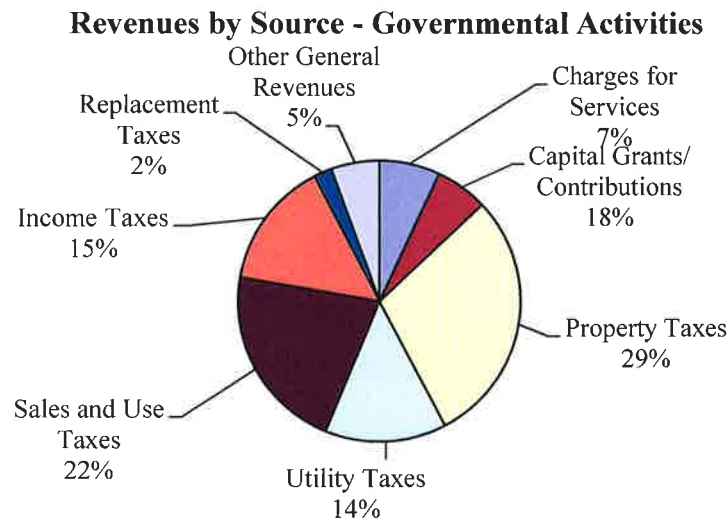
Net position of the City of Belvidere's governmental activities decreased by 4.0 percent (\$28,433,380 in 2014 compared to \$29,624,167 in 2013). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$3,383,715 at April 30, 2014.

Net position of the business-type activities increased by 2.7 percent (\$44,853,748 in 2014 compared to \$43,655,225 in 2013).

Governmental Activities

Revenues for governmental activities totaled \$16,650,222, while the cost of all governmental functions totaled \$17,421,013. This results in a deficit of \$770,791 prior to transfers out of \$419,996. In 2013, revenues of \$19,975,234 exceeded expenses of \$17,586,535, resulting in a surplus of \$2,388,699 prior to transfers out of \$141,996.

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

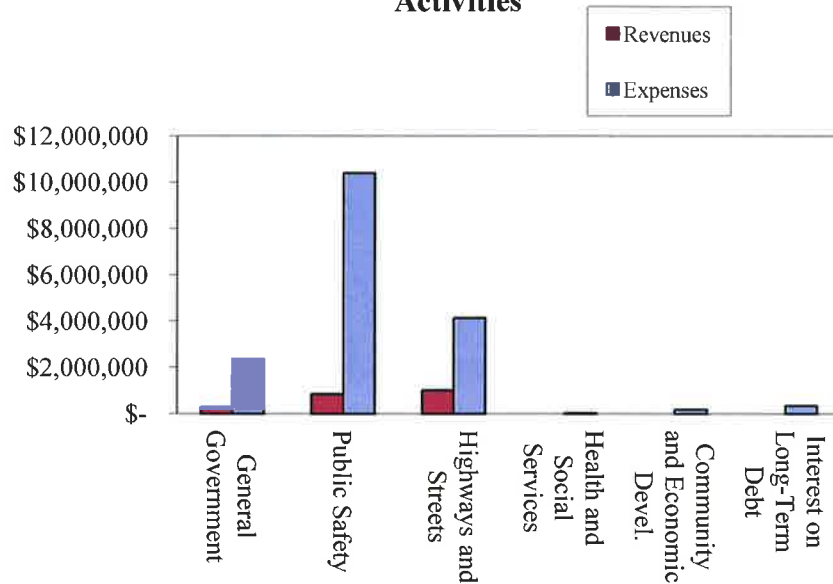
**Management’s Discussion and Analysis
April 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

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

Expenses and Program Revenues - Governmental Activities



Business-Type Activities

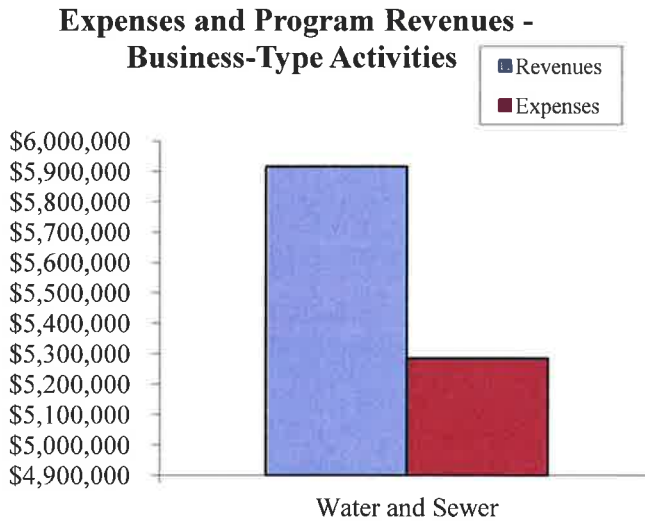
Business-Type activities posted total revenues of \$6,063,005, while the cost of all business-type activities totaled \$5,284,478. This results in a surplus of \$778,527 prior to transfers in of \$419,996. In 2013, revenues of \$8,481,389 exceed expenses of \$5,268,548, resulting in a surplus of \$3,212,841 prior to transfers in of \$141,996. The surplus in the current year is due an increase in use by the existing utility customers and only a slight increase in expenses.

CITY OF BELVIDERE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2014**

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 \$11,343,431, which is \$1,442,811, or 14.6 percent, higher than last year’s total of \$9,900,620. Of the \$11,343,431 total, \$5,775,848, or approximately 51.0 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$994,054, an increase of 11.3 percent. This was due in large part to revenues for the utility tax being higher than the original budget. Specifically, the original budgeted amount for this revenue sources totaled \$2,135,214 and the actual amount totaled \$2,315,922. Furthermore, expenditures in the General Fund were under budget. Budgeted expenditures totaled \$13,760,215 while actual expenditures totaled \$13,671,380. 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, 2014

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, 2014, unassigned fund balance in the General Fund was \$5,961,619 which represents 61.04 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 43.6 percent of total General Fund expenditures.

The Capital Projects fund realized an increase in the fund balance of \$308,250 primarily as a result of a transfer in of \$495,188 from the General Fund. The Nonmajor Funds realized an increase in fund balance of \$140,507 as a result of the increase in revenues in Motor Fuel Tax.

Proprietary Funds

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

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

The surplus in the Water/Sewer Fund during the current fiscal year was \$1,198,523, while the previous fiscal year reported a surplus of \$3,354,837. Unrestricted net position in the Water/Sewer Fund totaled \$8,670,182 at April 30, 2014.

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 \$15,580,618, compared to budgeted revenues of \$15,662,326, which is less than one percent lower than budgeted revenues. The variance is due primarily to the miscellaneous revenues coming in under budget by \$118,443.

The General Fund actual expenditures for the year were \$88,835 lower than budgeted (\$13,671,380 actual compared to \$13,760,215 budgeted). The general government function's actual expenditures were lower than budgeted expenditures by \$265,010.

CITY OF BELVIDERE, ILLINOIS

**Management's Discussion and Analysis
April 30, 2014**

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, 2014 was \$65,141,417 (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	
	2014	2013	2014	2013	2013	2012
Land	\$ 523,664	523,664	696,551	696,551	1,220,215	1,220,215
Construction in Progress	-	-	1,315,334	321,642	1,315,334	321,642
Land Improvements	41,662	42,912	-	-	41,662	42,912
Infrastructure	24,267,498	25,952,868	-	-	24,267,498	25,952,868
Building and Improvements	1,332,470	1,411,328	229,999	241,231	1,562,469	1,652,559
Water Transmission System	-	-	9,132,705	8,522,915	9,132,705	8,522,915
Sewer Collection System	-	-	24,587,649	25,457,618	24,587,649	25,457,618
Equipment	569,603	623,557	965,502	1,068,230	1,535,105	1,691,787
Vehicles	1,408,304	1,375,569	70,476	69,550	1,478,780	1,445,119
Total	28,143,201	29,929,898	36,998,216	36,377,737	65,141,417	66,307,635

This year's major additions included:

Governmental Activities		Business-Type Activities	
Equipment	\$ 60,926	Construction in Progress	\$ 1,871,445
Vehicles	<u>223,234</u>	Equipment	63,405
		Vehicles	17,355
	<u>284,160</u>	Water Transmission	<u>835,341</u>
			<u>2,787,546</u>

Additional information on the City of Belvidere's capital assets can be found in note 3 on pages 34 - 35 of this report.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the City of Belvidere had total outstanding debt of \$7,928,558 as compared to \$9,711,418 the previous year, a decrease of 18.3 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revolving Loans	\$ 140,000	140,000	-	-	140,000	140,000
Debt Certificates	680,098	725,098	-	-	680,098	725,098
Tax Increment Revenue Notes	3,036,000	3,036,000	-	-	3,036,000	3,036,000
Capital Lease	-	-	119,145	234,646	119,145	234,646
IEPA Loan	-	-	2,038,315	2,135,674	2,038,315	2,135,674
Alternate Revenue Bonds	-	-	1,915,000	3,440,000	1,915,000	3,440,000
Total	3,856,098	3,901,098	4,072,460	5,810,320	7,928,558	9,711,418

The City last received a bond rating in 2004 at which time it was a Standard & Poor AAA rating. The City has not entered the bond market since 2004. The City is no longer a non-home rule community, and is no longer held to the State statute that limits the amount of general obligation debt. However, the City's current debt limit under the non-home rule statute is \$25,657,007.

Additional information on the City of Belvidere's long-term debt can be found in Note 3 on pages 36 - 42 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

The residential sector is continuing to struggle. Residential permits and new housing construction stayed relatively flat (9 new homes). The commercial sector continues to struggle as well because commercial permits decreased from the prior year. Some of the projects that have occurred over the past year that include additions, remodels and renovations are Great Clips, Salvation Army, General Mills, Wes Pac, St. James Church, Franklin Wire, Chrysler, OSF, Oakley Industries, and Northern Precision Plastics Inc.

CITY OF BELVIDERE, ILLINOIS

Management's Discussion and Analysis April 30, 2014

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 2015 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, 2014, for the City of Belvidere was 11.3% and Boone County was 9.8%. The state and national unemployment rates were 7.9 and 6.3 percent, respectively.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Net Position
April 30, 2014**

See Following Page

CITY OF BELVIDERE, ILLINOIS

**Statement of Net Position
April 30, 2014**

	Governmental Activities	Business-Type Activities	Totals	Component Unit Ida Public Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 8,981,026	11,001,041	19,982,067	542,554
Receivables - Net of Allowances	6,464,392	927,651	7,392,043	661,083
Land Held for Resale	439,754	-	439,754	-
Prepays/Inventories	287,499	254,740	542,239	9,096
Total Current Assets	<u>16,172,671</u>	<u>12,183,432</u>	<u>28,356,103</u>	<u>1,212,733</u>
Noncurrent Assets				
Capital Assets				
Nondepreciable	523,664	2,011,885	2,535,549	181,150
Depreciable	42,489,282	61,479,770	103,969,052	1,862,133
Accumulated Depreciation	<u>(14,869,745)</u>	<u>(26,493,439)</u>	<u>(41,363,184)</u>	<u>(940,214)</u>
Total Noncurrent Assets	<u>28,143,201</u>	<u>36,998,216</u>	<u>65,141,417</u>	<u>1,103,069</u>
Total Assets	<u>44,315,872</u>	<u>49,181,648</u>	<u>93,497,520</u>	<u>2,315,802</u>

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

	Governmental Activities	Business-Type Activities	Totals	Component Unit Ida Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	119,542	100,813	220,355	7,902
Accrued Payroll	102,616	43,323	145,939	11,063
Other Payables	-	-	-	34,481
Accrued Interest Payable	1,392,157	26,919	1,419,076	-
Current Portion of Long-Term Liabilities	71,962	439,601	511,563	14,684
Total Current Liabilities	1,686,277	610,656	2,296,933	68,130
Noncurrent Liabilities				
Compensated Absences Payable	107,849	67,508	175,357	6,486
Net Pension Obligation Payable	3,577,768	-	3,577,768	-
Net Other Post-Employment Benefit Obligation Payable	1,816,519	-	1,816,519	-
Mortgage Loans Payable	-	-	-	358,471
Revolving Loans Payable	140,000	-	140,000	-
Debt Certificates Payable	635,098	-	635,098	-
Tax Increment Revenue Notes Payable	3,036,000	-	3,036,000	-
Landfill Post Closure Care Costs	275,899	-	275,899	-
IEPA Loans Payable	-	1,939,736	1,939,736	-
General Obligation Alternate Revenue Source and Revenue Bonds Payable	-	1,710,000	1,710,000	-
Total Noncurrent Liabilities	9,589,133	3,717,244	13,306,377	364,957
Total Liabilities	11,275,410	4,327,900	15,603,310	433,087
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	4,607,082	-	4,607,082	661,083
Total Liabilities and Deferred Inflows of Resources	15,882,492	4,327,900	20,210,392	1,094,170
NET POSITION				
Net Investment in Capital Assets	24,287,103	32,925,756	57,212,859	731,535
Restricted - Donor Specific	-	-	-	87,539
Restricted - Capital Projects	-	3,257,810	3,257,810	-
Restricted - Motor Fuel Tax	698,310	-	698,310	-
Restricted - Tax Increment Financing	64,252	-	64,252	-
Unrestricted	3,383,715	8,670,182	12,053,897	402,558
Total Net Position	28,433,380	44,853,748	73,287,128	1,221,632

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Activities
For the Fiscal Year Ended April 30, 2014**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants/ Contributions
Governmental Activities			
General Government	\$ 2,343,180	289,326	6,491
Public Safety	10,400,816	732,503	113,290
Highways and Streets	4,122,753	130,762	883,614
Health and Social Services	24,365	-	-
Community and Economic Development	182,835	-	-
Interest on Long-Term Debt	347,064	-	-
Total Governmental Activities	17,421,013	1,152,591	1,003,395
Business-Type Activities			
Water and Sewer	5,284,478	5,915,134	-
Total Primary Government	22,705,491	7,067,725	1,003,395
Component Unit - Ida Public Library	1,028,938	36,008	47,952

General Revenues
 Taxes
 Property Taxes
 Utility Taxes
 Telecommunication Taxes
 Replacement Taxes
 Other Taxes
 Intergovernmental - Unrestricted
 Sales and Use Taxes
 Income Taxes
 Interest Income
 Miscellaneous
 Transfers - Internal Activities

Change in Net Position

 Net Position - Beginning

 Net Position - Ending

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

Net (Expense)/Revenue			Component Unit
Primary Government			
Governmental Activities	Business-Type Activities	Totals	Ida Public Library
(2,047,363)	-	(2,047,363)	-
(9,555,023)	-	(9,555,023)	-
(3,108,377)	-	(3,108,377)	-
(24,365)	-	(24,365)	-
(182,835)	-	(182,835)	-
(347,064)	-	(347,064)	-
(15,265,027)	-	(15,265,027)	-
-	630,656	630,656	-
(15,265,027)	630,656	(14,634,371)	-
-	-	-	(944,978)
4,883,559	-	4,883,559	648,691
2,315,922	-	2,315,922	-
179,079	-	179,079	-
344,106	-	344,106	38,889
9,432	-	9,432	-
3,587,440	-	3,587,440	-
2,443,256	-	2,443,256	-
20,594	33,934	54,528	14,318
710,848	113,937	824,785	73,589
(419,996)	419,996	-	-
14,074,240	567,867	14,642,107	775,487
(1,190,787)	1,198,523	7,736	(169,491)
29,624,167	43,655,225	73,279,392	1,391,123
28,433,380	44,853,748	73,287,128	1,221,632

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

CITY OF BELVIDERE, ILLINOIS

**Balance Sheet - Governmental Funds
April 30, 2014**

	General	Capital Projects	Nonmajor	Totals
ASSETS				
Cash and Cash Equivalents	\$ 7,680,244	556,420	744,362	8,981,026
Receivables - Net of Allowances				
Property Taxes	4,533,911	40,006	33,165	4,607,082
Other Taxes	1,676,864	-	47,167	1,724,031
Other Receivables	116,145	17,134	-	133,279
Due from Other Funds	207,592	7,146	-	214,738
Land Held for Resale	-	-	439,754	439,754
Prepays	287,499	-	-	287,499
Total Assets	14,502,255	620,706	1,264,448	16,387,409
LIABILITIES				
Accounts Payable	99,610	19,932	-	119,542
Accrued Payroll	102,616	-	-	102,616
Due to Other Funds	-	-	214,738	214,738
Total Liabilities	202,226	19,932	214,738	436,896
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	4,533,911	40,006	33,165	4,607,082
Total Liabilities and Deferred Inflows of Resources	4,736,137	59,938	247,903	5,043,978
FUND BALANCES				
Nonspendable	287,499	-	439,754	727,253
Restricted	-	-	762,562	762,562
Committed	-	560,768	-	560,768
Assigned	3,517,000	-	-	3,517,000
Unassigned	5,961,619	-	(185,771)	5,775,848
Total Fund Balances	9,766,118	560,768	1,016,545	11,343,431
Total Liabilities, Deferred Inflows of Resources and Fund Balances	14,502,255	620,706	1,264,448	16,387,409

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

CITY OF BELVIDERE, ILLINOIS

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

April 30, 2014

Total Governmental Fund Balances	\$ 11,343,431
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
 Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	 28,143,201
 Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:	
Compensated Absences Payable	(134,811)
Net Pension Obligation Payable	(3,577,768)
Net Other Post-Employment Benefit Obligation Payable	(1,816,519)
Revolving Loans Payable	(140,000)
Debt Certificates Payable	(680,098)
Tax Increment Revenue Notes Payable	(3,036,000)
Landfill Post Closure Care Costs Payable	(275,899)
Accrued Interest Payable	<u>(1,392,157)</u>
 Net Position of Governmental Activities	 <u><u>28,433,380</u></u>

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2014**

	General	Capital Projects	Nonmajor	Totals
Revenues				
Taxes	\$ 7,552,668	39,978	139,452	7,732,098
Intergovernmental	6,168,595	-	865,496	7,034,091
Licenses and Permits	273,743	-	-	273,743
Fines and Forfeitures	878,848	-	-	878,848
Interest	19,990	144	460	20,594
Miscellaneous	686,774	22,384	1,690	710,848
Total Revenues	15,580,618	62,506	1,007,098	16,650,222
Expenditures				
Current				
General Government	1,899,475	-	49,624	1,949,099
Public Safety	9,905,285	-	-	9,905,285
Highways and Streets	1,659,420	-	737,991	2,397,411
Health and Social Services	24,365	-	-	24,365
Community and Economic Development	182,835	-	-	182,835
Capital Outlay	-	194,256	-	194,256
Debt Service				
Principal Retirement	-	45,000	-	45,000
Interest and Fiscal Charges	-	10,188	78,976	89,164
Total Expenditures	13,671,380	249,444	866,591	14,787,415
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,909,238	(186,938)	140,507	1,862,807
Other Financing Sources (Uses)				
Transfers In	-	495,188	-	495,188
Transfers Out	(915,184)	-	-	(915,184)
	(915,184)	495,188	-	(419,996)
Net Change in Fund Balances	994,054	308,250	140,507	1,442,811
Fund Balances - Beginning	8,772,064	252,518	876,038	9,900,620
Fund Balances - Ending	9,766,118	560,768	1,016,545	11,343,431

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

CITY OF BELVIDERE, ILLINOIS

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

For the Fiscal Year Ended April 30, 2014

Net Change in Fund Balances - Total Governmental Funds **\$ 1,442,811**

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

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

Capital Outlays	284,160
Depreciation Expense	(2,068,857)
Disposals - Net of Accumulated Depreciation	(2,000)

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds. (257,900)

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

Deductions to Compensation Absences Payable	3,099
Additions to Net Pension Obligation	(357,303)
Additions to Net Other Post-Employment Benefit Obligation Payable	(343,559)
Deductions to Landfill Post Closure Costs Payable	63,762
Retirement of Debt Certificates Payable	<u>45,000</u>

Changes in Net Position of Governmental Activities **(1,190,787)**

CITY OF BELVIDERE, ILLINOIS

Statement of Net Position - Proprietary Fund
April 30, 2014

	<u>Business-Type Activities Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 11,001,041
Receivables - Net of Allowances	
Billed Services	168,065
Unbilled Services	745,886
Accrued Interest	13,700
Inventories	69,700
Prepays	<u>185,040</u>
Total Current Assets	<u>12,183,432</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	2,011,885
Depreciable	61,479,770
Accumulated Depreciation	<u>(26,493,439)</u>
Total Noncurrent Assets	<u>36,998,216</u>
Total Assets	<u>49,181,648</u>

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

	<u>Business-Type Activities Water and Sewer</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	100,813
Accrued Payroll	43,323
Accrued Interest Payable	26,919
Current Portion of Long-Term Liabilities	<u>439,601</u>
Total Current Liabilities	<u>610,656</u>
Noncurrent Liabilities	
Compensated Absences Payable	67,508
IEPA Loans Payable	1,939,736
General Obligation Alternate Revenue Source Bonds Payable	<u>1,710,000</u>
Total Noncurrent Liabilities	<u>3,717,244</u>
Total Liabilities	<u>4,327,900</u>
NET POSITION	
Net Investment in Capital Assets	32,925,756
Restricted - Capital Projects	3,257,810
Unrestricted	<u>8,670,182</u>
Total Net Position	<u>44,853,748</u>

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

CITY OF BELVIDERE, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Fiscal Year Ended April 30, 2014

	Business-Type Activities
	Water and Sewer
Operating Revenues	
Charges for Services	\$ 5,852,082
Other Revenue	63,052
Total Operating Revenues	<u>5,915,134</u>
Operating Expenses	
Operations	3,885,780
Depreciation	1,289,314
Total Operating Expenses	<u>5,175,094</u>
Operating Income	<u>740,040</u>
Nonoperating Revenues (Expenses)	
Connection Fees	113,937
Interest Income	33,934
Interest and Fiscal Charges	<u>(109,384)</u>
	<u>38,487</u>
Income Before Transfers	778,527
Transfers In	<u>419,996</u>
Change in Net Position	1,198,523
Net Position - Beginning	<u>43,655,225</u>
Net Position - Ending	<u><u>44,853,748</u></u>

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended April 30, 2014**

	Business-Type Activities
	<u>Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 5,990,459
Payments to Employees	(1,450,139)
Payments to Suppliers	<u>(2,401,365)</u>
	<u>2,138,955</u>
Cash Flows from Noncapital and Related Activities	
Transfers In	<u>419,996</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(2,787,546)
Disposal of Capital Assets	877,753
Principal Retirement	(1,737,860)
Interest Expense	<u>(109,384)</u>
	<u>(3,757,037)</u>
Cash Flows from Investing Activities	
Interest Income	<u>33,934</u>
Net Change in Cash and Cash Equivalents	(1,164,152)
Cash and Cash Equivalents - Beginning	<u>12,165,193</u>
Cash and Cash Equivalents - Ending	<u><u>11,001,041</u></u>
Reconciliation of Operating Income to Net Cash Provided	
(Used) by Operating Activities Operating Income	740,040
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in)	
Operating Activities:	
Other Income	113,937
Depreciation and Amortization	1,289,314
(Increase) Decrease in Current Assets	(38,612)
Increase (Decrease) in Current Liabilities	<u>34,276</u>
Net Cash Provided by Operating Activities	<u><u>2,138,955</u></u>

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Net Position - Fiduciary Funds
April 30, 2014**

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 27,376	1,189,937
Investments		
U.S. Government and Agency Obligations	5,116,901	-
Municipal Bonds	1,425,361	-
Corporate Bonds	4,176,736	-
Equities	8,333,999	-
Mutual Funds	6,711,578	-
Money Market Mutual Funds	1,160,303	-
Insurance Contracts	3,514,164	-
Receivables - Accrued Interest	101,460	-
Prepays	15,893	-
Total Assets	<u>30,583,771</u>	<u>1,189,937</u>
LIABILITIES		
Accounts Payable	11,214	-
Due to Developers	-	264,429
Due to Other Governments	-	925,508
Total Liabilities	<u>11,214</u>	<u>1,189,937</u>
NET POSITION		
Net Position Held in Trust for Pension Benefits	<u>30,572,557</u>	

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

CITY OF BELVIDERE, ILLINOIS

**Statement of Changes in Net Position - Fiduciary Funds
For the Fiscal Year Ended April 30, 2014**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 1,487,060
Contributions - Plan Members	460,075
Total Contributions	<u>1,947,135</u>
Investment Income	
Interest Earned	818,855
Net Change in Fair Value	1,735,482
	<u>2,554,337</u>
Less Investment Expenses	<u>(150,253)</u>
Net Investment Income	<u>2,404,084</u>
Total Additions	<u>4,351,219</u>
Deductions	
Administration	55,603
Benefits and Refunds	1,851,115
Total Deductions	<u>1,906,718</u>
Change in Net Position	2,444,501
Net Position Held in Trust for Pension Benefits	
Beginning	<u>28,128,056</u>
Ending	<u><u>30,572,557</u></u>

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the City.

The City's financial reporting entity comprises the following:

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

Police Pension Employees Retirement System

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

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

Discretely Presented Component Unit

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

Ida Public Library

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

BASIS OF PRESENTATION

Government-Wide Statements

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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

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

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

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

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

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

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

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

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

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

Governmental Funds

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

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

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

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

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

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

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

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

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

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

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

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

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

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

Cash and Cash Equivalents

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

Investments

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

Receivables

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

Prepays/Inventories – Land Held for Resale

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids/inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables, Payables and Activity

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets

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

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

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

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

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

Compensated Absences

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

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Long-Term Obligations

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

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

Fund Position

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

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

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

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City’s Finance Director has been assigned the duties of Budget Officer. The budgeting process begins November 5th with the Finance Director providing each department head with a working copy of their respective line items in a five year budgeting format. Each department head is then given until December 10th to submit their request to the Finance Director, who combines the requests into a workable document for presentation to the Mayor for his review, comments and suggestions. A meeting is then set up with each department head to review these comments and suggestions so that a workable budget can be presented to the City Council. Between February 11th and March 4th, the Mayor asks each alderman to set up a time for review, explanation and discussion of the budget as presented. The budget is discussed in total and at the February Finance Committee meeting and then presented in ordinance form in March for final review and passage before May 1.

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

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

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

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

<u>Fund</u>	<u>Excess</u>
Capital Projects	\$ 20,162
1990 Tax Incentive Finance District	1

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments – Statutes authorize the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, and the Illinois Metropolitan Investment Fund.

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

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

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type activities totaled \$19,680,884 and the bank balances totaled \$19,823,503. In addition, the City has \$198,233 invested in the Illinois Funds and \$102,950 invested in IMET at year-end.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy does not address interest rate risk. The City's investment in the Illinois Funds and IMET have an average maturity of less than one year.

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

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

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

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements
April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$9,200 and the bank balances totaled \$9,200.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government and Agency Obligations	\$ 3,682,882	406,877	1,972,663	1,022,486	280,856
Mortgage-backed Securities	29,718	-	24,530	-	5,188
Municipal Bonds	742,821	50,124	580,306	112,391	-
Corporate Bonds	3,168,104	434,755	2,035,602	697,747	-
	<u>7,623,525</u>	<u>891,756</u>	<u>4,613,101</u>	<u>1,832,624</u>	<u>286,044</u>

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

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

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

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the Fund’s deposits totaled \$18,176 and the bank balances totaled \$18,176.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government and Agency Obligations	\$ 1,362,703	321,478	707,636	333,589	-
Corporate Bonds	1,008,632	-	1,008,632	-	-
Municipal Bonds	682,540	-	167,938	514,602	-
Asset-backed Securities	41,598	-	-	-	41,598
	<u>3,095,473</u>	<u>321,478</u>	<u>1,884,206</u>	<u>848,191</u>	<u>41,598</u>

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

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

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

PROPERTY TAXES

Property taxes for 2013 attach as an enforceable lien on January 1, 2013, 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, 2014, and September 1, 2014. The County collects such taxes and remits them periodically.

INTERFUND BALANCES

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 207,592
Capital Projects	Nonmajor Governmental	<u>7,146</u>
		<u>214,738</u>

Interfund balances are advances in anticipation of receipts.

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
Capital Projects	General	\$ 495,188
Water and Sewer	General	<u>419,996</u>
		<u>915,184</u>

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 523,664	-	-	523,664
Depreciable Capital Assets				
Land Improvements	49,995	-	-	49,995
Infrastructure	34,492,304	-	-	34,492,304
Building and Improvements	2,367,729	-	-	2,367,729
Equipment	1,938,560	60,926	-	1,999,486
Vehicles	3,409,021	223,234	52,487	3,579,768
	<u>42,257,609</u>	<u>284,160</u>	<u>52,487</u>	<u>42,489,282</u>
Less Accumulated Depreciation				
Land Improvements	7,083	1,250	-	8,333
Infrastructure	8,539,436	1,685,370	-	10,224,806
Building and Improvements	956,401	78,858	-	1,035,259
Equipment	1,315,003	114,880	-	1,429,883
Vehicles	2,033,452	188,499	50,487	2,171,464
	<u>12,851,375</u>	<u>2,068,857</u>	<u>50,487</u>	<u>14,869,745</u>
Total Net Depreciable Capital Assets	<u>29,406,234</u>	<u>(1,784,697)</u>	<u>2,000</u>	<u>27,619,537</u>
Total Net Capital Assets	<u>29,929,898</u>	<u>(1,784,697)</u>	<u>2,000</u>	<u>28,143,201</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 62,087
Public Safety	217,666
Highways and Streets	<u>1,789,104</u>
	<u>2,068,857</u>

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 696,551	-	-	696,551
Construction in Progress	321,642	1,871,445	877,753	1,315,334
	<u>1,018,193</u>	<u>1,871,445</u>	<u>877,753</u>	<u>2,011,885</u>
Depreciable Capital Assets				
Buildings and Structures	2,280,625	-	-	2,280,625
Equipment	3,481,219	63,405	-	3,544,624
Furniture and Fixtures	162,225	-	-	162,225
Vehicles	688,497	17,355	-	705,852
Water Transmission System	14,460,665	835,341	-	15,296,006
Sewer Collection System	39,490,438	-	-	39,490,438
	<u>60,563,669</u>	<u>916,101</u>	<u>-</u>	<u>61,479,770</u>
Less Accumulated Depreciation				
Buildings and Structures	2,039,394	11,232	-	2,050,626
Equipment	2,412,989	166,133	-	2,579,122
Furniture and Fixtures	162,225	-	-	162,225
Vehicles	618,947	16,429	-	635,376
Water Transmission System	5,937,750	225,551	-	6,163,301
Sewer Collection System	14,032,820	869,969	-	14,902,789
	<u>25,204,125</u>	<u>1,289,314</u>	<u>-</u>	<u>26,493,439</u>
Total Net Depreciable Capital Assets	<u>35,359,544</u>	<u>(373,213)</u>	<u>-</u>	<u>34,986,331</u>
Total Net Capital Assets	<u>36,377,737</u>	<u>1,498,232</u>	<u>877,753</u>	<u>36,998,216</u>

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

Water and Sewer	<u>\$ 1,289,314</u>
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CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Capital Leases

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

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

<u>Fiscal Year</u>	<u>Lease Payment</u>
2015	\$ 123,290
Interest Portion	<u>(4,145)</u>
Principal Balance	<u><u>119,145</u></u>

Revolving Loan Payable

The City has established a revolving loan payable as follows:

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Illinois Environmental Protection Agency (IEPA) Loan Payable

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

<u>Issue</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
IEPA Wastewater Treatment Works Loan Payable, due in semi-annual installments of \$61,876 including interest at 1.25% through May 1, 2032.	\$ 2,135,674	-	97,359	<u>2,038,315</u>

Debt Certificates

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

<u>Issue</u>	<u>Beginning Balances</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
General Obligation Debt Certificates of 2005 dated July 19, 2005, due in annual installments of \$1,237 to \$65,098 including variable interest through August 1, 2025.	\$ 725,098	-	45,000	<u>680,098</u>

General Obligation Alternate Revenue Source and Revenue Bonds

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Alternate Revenue Source and Revenue Bonds – Continued

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Alternate Revenue Source Bonds of 2003 dated December 16, 2002, due in annual installments of \$340,000 to \$575,000 including interest of 2.50% to 4.25% through May 1, 2015.	\$ 1,130,000	-	1,130,000	-
General Obligation Revenue Refunding Bonds of 2003 dated October 6, 2003, due in annual installments of \$105,000 to \$195,000 including interest of 3.00% to 5.00% through February 1, 2014.	195,000	-	195,000	-
General Obligation Revenue Refunding Bonds of 2013 dated February 4, 2013, due in annual installments of \$200,000 to \$400,000 including interest of 1.35% to 2.40% through February 1, 2020.	2,115,000	-	200,000	1,915,000
	<u>3,440,000</u>	<u>-</u>	<u>1,525,000</u>	<u>1,915,000</u>

Tax Increment Revenue Notes

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

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Tax Increment General Mills Revenue Notes of 2003 dated March 17, 2003, due in annual installments plus interest of 8%	\$ 3,036,000	-	-	3,036,000

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Landfill Post Closure Care Cost

The City is responsible for the cost associated with the continued maintenance and monitoring of the Belvidere Landfill #1 and Belvidere/Boone County Landfill #2. State and federal regulations require that final cover be placed on landfills when closed and certain maintenance and monitoring functions be performed at the respective landfill for 30 years at landfill #1 and 15 years at landfill #2. The Belvidere Landfill #1 ceased accepting solid waste in 1973 and post closure care started in 1990. In prior years the landfill was covered and, as of balance sheet date, post closure costs are continuing. The Federal Environmental Protection Agency has approved the shut down of the extraction system and the reduction in frequency and the number of wells to be tested for a trial period of two years beginning in November 1995 and extended through October 2009, after which a re-evaluation of the shutdown will take place. This evaluation occurred in fiscal year 2009 and favorable results were obtained, the limited monitoring and maintenance as in the trial period will continue. \$56,262 of post closure care costs were incurred during the fiscal year. At balance sheet date, the estimated liability for landfill post-closure care costs has a balance of \$223,399 based on favorable results after the initial trial period and 100% usage (filled) of the landfill.

The City and Boone County Share the costs of closing and continued maintenance of the Belvidere/Boone County Landfill #2 on a 50/50 basis. The landfill ceased accepting solid waste in September of 1992, and was issued a certificate of closure by the IEPA effective October 12, 1999, that begins the 15-year post closure care period. In prior years, the landfill was covered and as of April 30, 2014 post closure care costs are continuing. At year-end, the estimated remaining liability is \$52,500.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 137,910	3,099	6,198	134,811	26,962
Net Pension Obligation	3,220,465	357,303	-	3,577,768	-
Net Post-Employment Benefit Obligation	1,472,960	343,559	-	1,816,519	-
Revolving Loans Payable	140,000	-	-	140,000	-
Debt Certificates Payable	725,098	-	45,000	680,098	45,000
Tax Increment Revenue Notes Payable	3,036,000	-	-	3,036,000	-
Landfill Post Closure Care Costs	339,661	-	63,762	275,899	-
	<u>9,072,094</u>	<u>703,961</u>	<u>114,960</u>	<u>9,661,095</u>	<u>71,962</u>
Business-Type Activities					
Compensated Absences	80,798	7,174	3,587	84,385	16,877
Capital Lease Payable	234,646	-	115,501	119,145	119,145
IEPA Loan Payable	2,135,674	-	97,359	2,038,315	98,579
Alternate Revenue Source Bonds Payable	3,440,000	-	1,525,000	1,915,000	205,000
	<u>5,891,118</u>	<u>7,174</u>	<u>1,741,447</u>	<u>4,156,845</u>	<u>439,601</u>

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

For business-type activities compensated absences, capital lease payable, IEPA loan payable, and alternate revenue source bonds payable are generally liquidated by the Water and Sewer Fund.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities				Business-Type Activities			
	Revolving Loans		Debt Certificates		IEPA Loans		Alternate Revenue Source Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	-	45,000	9,535	98,579	25,171	205,000	35,903
2016	8,750	-	50,000	8,846	99,819	23,935	250,000	32,302
2017	8,750	-	50,000	8,121	101,068	22,684	400,000	26,540
2018	8,750	-	50,000	7,396	102,335	21,417	400,000	18,840
2019	8,750	-	55,000	6,635	103,619	20,133	400,000	10,540
2020	8,750	-	55,000	5,837	104,917	18,835	260,000	3,120
2021	8,750	-	60,000	5,003	106,233	17,519	-	-
2022	8,750	-	60,000	4,133	107,565	16,187	-	-
2023	8,750	-	60,000	3,264	108,914	14,838	-	-
2024	8,750	-	65,000	2,357	110,280	13,472	-	-
2025	8,750	-	65,000	1,415	111,662	12,090	-	-
2026	8,750	-	65,098	472	113,062	10,690	-	-
2027	8,750	-	-	-	114,480	9,272	-	-
2028	8,750	-	-	-	115,916	7,836	-	-
2029	8,750	-	-	-	117,369	6,383	-	-
2030	8,750	-	-	-	118,841	4,911	-	-
2031	8,750	-	-	-	120,331	3,421	-	-
2032	-	-	-	-	121,840	1,912	-	-
2033	-	-	-	-	61,485	384	-	-
Total	140,000	-	680,098	63,014	2,038,315	251,090	1,915,000	127,245

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

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

Assessed Valuation - 2013	<u>\$ 296,657,007</u>
Legal Debt Limit - 8.625% of Assessed Value	25,586,667
Amount of Debt Applicable to Limit	<u>680,098</u>
Legal Debt Margin	<u><u>24,906,569</u></u>

NET POSITION/FUND BALANCES

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2014:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 28,143,201
Less:	
Revolving Loans Payable	(140,000)
Debt Certificates Payable	(680,098)
Tax Increment General Mills Revenue Notes Payable	<u>(3,036,000)</u>
Net Investment in Capital Assets	<u><u>24,287,103</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	36,998,216
Less:	
Capital Lease Payable	(119,145)
IEPA Loan Payable	(2,038,315)
General Obligation Revenue Refunding Bonds of 2013	<u>(1,915,000)</u>
Net Investment in Capital Assets	<u><u>32,925,756</u></u>

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications

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

Committed Fund Balance. Committed amounts can only be used for specific purposes imposed by formal action or the City’s highest level of decision-making authority. The highest level of decision-making authority is the City Council, and it takes an ordinance or resolution to establish, modify, or rescind a fund balance commitment. The Capital Projects Fund, a major fund, fund balance is reported as committed based on the Budget and Appropriation Ordinance.

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

Minimum Fund Balance Policy. The Villages policy manual states that the General Fund should maintain a minimum fund balance equal to 25% to 50% of budgeted operating expenditures.

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

	General	Capital Projects	Nonmajor	Totals
Fund Balances				
Nonspendable				
Land Held for Resale	\$ -	-	439,754	439,754
Prepays	287,499	-	-	287,499
	<u>287,499</u>	<u>-</u>	<u>439,754</u>	<u>727,253</u>
Restricted				
Motor Fuel Tax	-	-	698,310	698,310
Tax Increment Financing	-	-	64,252	64,252
	<u>-</u>	<u>-</u>	<u>762,562</u>	<u>762,562</u>
Committed				
Capital Projects	-	560,768	-	560,768
Assigned				
Fund Reserves	3,517,000	-	-	3,517,000
Unassigned	5,961,619	-	(185,771)	5,775,848
Total Fund Balances	<u>9,766,118</u>	<u>560,768</u>	<u>1,016,545</u>	<u>11,343,431</u>

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

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

CONTINGENT LIABILITIES

Litigation

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

Grants

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

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System (IMRF)

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

Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The City is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer rate for calendar year 2013 was 15.88 percent.

Sheriff's Law Enforcement Personnel

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

These benefit provisions and all other requirements are established by State statutes. SLEP members are required to contribute 7.50% of their annual salary to SLEP. The City is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution rate for the calendar year 2013 was 16.52 percent.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan

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

At fiscal year end the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	21
Current Employees	
Vested	29
Nonvested	<u>13</u>
	<u>63</u>

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

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

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

Firefighters' Pension Plan

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

At fiscal year end the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	29
Current Employees	
Vested	21
Nonvested	<u>8</u>
	<u>58</u>

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Firefighters' Pension Plan – Continued

The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees, if any, are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

Significant Investments

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

Related Party Transactions

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

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Annual Pension Cost and Net Pension Obligation

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

	IMRF	SLEP	Police Pension	Firefighters' Pension
Contribution Rates				
Employer	15.88%	16.52%	29.47%	44.38%
Employee	4.50%	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/2013	12/31/2013	4/30/2013	4/30/2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	30 Years	27 Years	27 Years
Asset Valuation Method	5-Year Smoothed Market	5-Year Smoothed Market	Market	Market
Actuarial Assumptions				
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually	7.00% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4% to 10.0%	.4% to 10.0%	4.50%	4.50%
Inflation Rate Included	4.00%	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%	3.00%

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

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

	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution (ARC)	\$ 1,007,631	781,938	1,789,569
Interest on the NPO	125,076	100,356	225,432
Adjustment to the ARC	(94,674)	(75,964)	(170,638)
Annual Pension Cost	1,038,033	806,330	1,844,363
Actual Contribution	858,260	628,800	1,487,060
Increase in the NPO	179,773	177,530	357,303
NPO - Beginning	1,786,805	1,433,660	3,220,465
NPO - Ending	1,966,578	1,611,190	3,577,768

Trend Information

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

	Fiscal Year	IMRF	SLEP	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2012	\$ 317,526	\$ 12,986	\$ 862,353	\$ 724,988
	2013	402,326	14,728	894,927	659,537
	2014	428,403	15,855	1,038,032	806,331
Actual Contributions	2012	317,526	12,986	885,875	882,299
	2013	402,326	14,728	830,789	835,979
	2014	428,403	15,855	858,260	628,800
Percentage of APC Contributed	2012	100.00%	100.00%	102.73%	121.70%
	2013	100.00%	100.00%	92.83%	126.75%
	2014	100.00%	100.00%	82.68%	77.98%
Net Pension Obligation	2012	-	-	1,722,667	1,610,102
	2013	-	-	1,786,805	1,433,660
	2014	-	-	1,966,578	1,611,190

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Funded Status and Funding Progress

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

	IMRF	SLEP	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/13	12/31/13	4/30/13	4/30/13
Percent Funded	60.25%	84.29%	60.83%	60.44%
Actuarial Accrued Liability for Benefits	\$8,096,498	\$473,560	\$26,317,488	\$21,201,273
Actuarial Value of Assets	\$4,878,507	\$399,158	\$16,010,233	\$12,813,273
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$3,217,991)	(\$74,402)	(\$10,307,255)	(\$8,388,000)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$2,697,754	\$95,973	\$2,818,628	\$1,883,617
Ratio of UAAL to Covered Payroll	119.28%	77.52%	365.68%	445.31%

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

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

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

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

Retirees contribute 12% of the single health rate and contribute 100% of the additional cost for additional covered lives for post-employment health and dental insurance. For the fiscal year ending April 30, 2014, retirees contributed \$177,416 to the plan. Active employees do not contribute to the post-employment health care plan until retirement.

At April 30, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	38
Active Employees	<u>82</u>
Total	<u>120</u>
Participating Employers	1

The City does not currently have a funding policy.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2014, was calculated as follows:

Annual Required Contribution (ARC)	\$ 707,291
Interest on the Net OPEB Obligation	58,918
Adjustment to the ARC	<u>(49,098)</u>
Annual OPEB Cost	717,111
Actual Contribution	<u>373,552</u>
Change in the Net OPEB Obligation	343,559
Net OPEB Obligation - Beginning	<u>1,472,960</u>
Net OPEB Obligation - Ending	<u><u>1,816,519</u></u>

Trend Information

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 429,649	\$ 145,431	33.85%	\$ 1,150,442
2013	674,926	352,408	52.21%	1,472,960
2014	717,111	373,552	52.09%	1,816,519

Funded Status and Funding Progress

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress – Continued

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

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

Actuarial Methods and Assumptions

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

In the April 30, 2012 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0%, with an ultimate rate of 6.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014, was 30 years.

CITY OF BELVIDERE, ILLINOIS

Notes to the Financial Statements

April 30, 2014

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – IDA PUBLIC LIBRARY

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The Library had an excess of actual expenditures over budget of \$94,026 as of the date of this report:

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments – Statutes authorize the Library to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

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

Deposits. At year-end, the carrying amount of the Library's deposits totaled \$270,605 and the bank balances totaled \$275,193.

Investments. At year-end, the Library also has \$142,355 invested in mutual funds, \$90,948 invested in common stock, and \$38,646 invested in U.S. Treasury and Agency Obligations.

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

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

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

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

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – IDA PUBLIC LIBRARY – Continued

PROPERTY TAXES

Property taxes for 2013 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.

CAPITAL ASSETS

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

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

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

Improvements	5 Years
Building	40 Years
Equipment	5 Years

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – IDA PUBLIC LIBRARY – Continued

CAPITAL ASSETS – Continued

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 181,150	-	-	181,150
Depreciable Capital Assets				
Improvements	8,697	-	-	8,697
Building	1,897,586	-	85,100	1,812,486
Equipment	33,905	7,045	-	40,950
	<u>1,940,188</u>	<u>7,045</u>	<u>85,100</u>	<u>1,862,133</u>
Less Accumulated Depreciation				
Improvements	6,955	1,742	-	8,697
Building	884,253	39,877	3,830	920,300
Equipment	5,317	5,900	-	11,217
	<u>896,525</u>	<u>47,519</u>	<u>3,830</u>	<u>940,214</u>
Total Net Depreciable Capital Assets	<u>1,043,663</u>	<u>(40,474)</u>	<u>81,270</u>	<u>921,919</u>
Total Net Capital Assets	<u>1,224,813</u>	<u>(40,474)</u>	<u>81,270</u>	<u>1,103,069</u>

LONG-TERM DEBT

Mortgage Loans Payable

The Library has four outstanding mortgage loans payable as of April 30, 2014 with outstanding principal balances of \$96,688, \$113,777, \$87,897, and \$73,722. Mortgages have been issued for capital improvement costs and range in interest rates from 4.5% to 6.1%.

CITY OF BELVIDERE, ILLINOIS

**Notes to the Financial Statements
April 30, 2014**

NOTE 4 – OTHER INFORMATION – Continued

COMPONENT UNIT – IDA PUBLIC LIBRARY – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 10,400	2,293	4,586	8,107	1,621
Mortgage Loans Payable	383,905	-	12,371	371,534	13,063
	<u>394,305</u>	<u>2,293</u>	<u>16,957</u>	<u>379,641</u>	<u>14,684</u>

Debt Service Requirements to Maturity

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

Fiscal Year	<u>Ida Public Library</u>	
	<u>Mortgages</u>	
	Principal	Interest
2015	\$ 13,063	16,092
2016	13,743	15,550
2017	14,566	14,892
2018	152,058	12,554
2019	9,266	10,757
2020	9,828	10,194
2021	159,010	9,119
Total	<u>371,534</u>	<u>89,158</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

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

- Budgetary Comparison Schedule
 - General Fund

Notes to the Required Supplementary Information

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

CITY OF BELVIDERE, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2014**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ 8,760,797	\$ 11,133,359	78.69%	\$ 2,372,562	\$ 3,432,402	69.12%
2009	8,050,420	10,453,685	77.01%	2,403,265	3,452,256	69.61%
2010	4,508,873	8,161,863	55.24%	3,652,990	3,192,067	114.44%
2011	4,365,166	8,015,300	54.46%	3,650,134	2,626,351	138.98%
2012	3,780,405	7,537,378	50.16%	3,756,973	2,582,322	145.49%
2013	4,878,507	8,096,498	60.25%	3,217,991	2,697,754	119.28%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 352,164	\$ 352,164	100.00%
2010	351,094	351,094	100.00%
2011	385,921	385,921	100.00%
2012	317,526	317,526	100.00%
2013	402,326	402,326	100.00%
2014	428,403	428,403	100.00%

CITY OF BELVIDERE, ILLINOIS

Sheriff's Law Enforcement Personnel Plan

Required Supplementary Information

Schedule of Funding Progress and Employer Contributions

April 30, 2014

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ 233,600	\$ 260,469	89.68%	\$ 26,869	\$ 86,753	30.97%
2009	254,248	296,873	85.64%	42,625	89,930	47.40%
2010	285,159	333,278	85.56%	48,119	88,041	54.66%
2011	313,972	357,742	87.76%	43,770	84,547	51.77%
2012	353,653	424,583	83.29%	70,930	92,918	76.34%
2013	399,158	473,560	84.29%	74,402	95,973	77.52%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 11,469	\$ 11,469	100.00%
2010	11,754	11,754	100.00%
2011	12,828	12,828	100.00%
2012	12,986	12,986	100.00%
2013	14,728	14,728	100.00%
2014	15,855	15,855	100.00%

CITY OF BELVIDERE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2014**

Funding Progress

Actuarial Valuation Date Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ 11,554,956	\$ 17,853,258	64.72%	\$ 6,298,302	\$ 2,342,464	268.88%
2009	10,246,401	19,120,827	53.59%	8,874,426	2,370,392	374.39%
2010	11,809,698	20,930,524	56.42%	9,120,826	2,639,305	345.58%
2011	13,326,936	23,178,574	57.50%	9,851,638	2,653,724	371.24%
2012	14,313,423	24,197,811	59.15%	9,884,388	2,695,547	366.69%
2013	16,010,233	26,317,488	60.83%	10,307,255	2,818,628	365.68%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 348,029	\$ 665,179	52.32%
2010	379,268	804,709	47.13%
2011	425,700	878,248	48.47%
2012	885,875	825,606	107.30%
2013	830,789	850,477	97.69%
2014	858,260	1,007,631	85.18%

CITY OF BELVIDERE, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2014**

Funding Progress

Actuarial Valuation Date Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2008	\$ 10,363,002	\$ 17,072,790	60.70%	\$ 6,709,788	\$ 1,724,802	389.02%
2009	8,629,931	17,925,165	48.14%	9,295,234	1,795,369	517.73%
2010	9,994,840	19,081,563	52.38%	9,086,723	1,892,482	480.15%
2011	11,209,033	18,872,902	59.39%	7,663,869	1,789,464	428.28%
2012	12,019,717	18,825,035	63.85%	6,805,318	1,644,737	413.76%
2013	12,813,273	21,201,273	60.44%	8,388,000	1,883,617	445.31%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 348,029	\$ 684,253	50.86%
2010	379,268	837,517	45.28%
2011	427,000	854,114	49.99%
2012	882,299	687,949	128.25%
2013	835,979	620,796	134.66%
2014	628,800	781,938	80.42%

CITY OF BELVIDERE, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
April 30, 2014**

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2009	\$ -	\$ 5,425,522	0.00%	\$ 5,425,522	\$ 7,707,947	70.39%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	9,650,214	0.00%	9,650,214	7,015,524	137.56%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2009	\$ 145,431	\$ 430,230	33.80%
2010	104,544	430,230	24.30%
2011	136,323	430,230	31.69%
2012	145,431	423,874	34.31%
2013	352,408	667,256	52.81%
2014	373,552	707,291	52.81%

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

N/A - Not Available

CITY OF BELVIDERE, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 7,245,883	7,545,699	7,552,668
Intergovernmental	6,256,063	6,161,607	6,168,595
Licenses and Permits	304,385	271,611	273,743
Fines and Forfeitures	832,474	855,365	878,848
Interest	14,001	22,827	19,990
Miscellaneous	710,592	805,217	686,774
Total Revenues	<u>15,363,398</u>	<u>15,662,326</u>	<u>15,580,618</u>
Expenditures			
Current			
General Government	2,341,339	2,164,485	1,899,475
Public Safety	10,326,096	9,753,142	9,905,285
Highways and Streets	1,607,902	1,653,318	1,659,420
Health and Social Services	28,000	24,365	24,365
Community and Economic Development	258,971	164,905	182,835
Total Expenditures	<u>14,562,308</u>	<u>13,760,215</u>	<u>13,671,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	801,090	1,902,111	1,909,238
Other Financing (Uses)			
Transfers Out	<u>(640,388)</u>	<u>(915,184)</u>	<u>(915,184)</u>
Net Change in Fund Balance	<u>160,702</u>	<u>986,927</u>	994,054
Fund Balance - Beginning			<u>8,772,064</u>
Fund Balance - Ending			<u>9,766,118</u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Motor Fuel Tax Fund

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

1990 Tax Incentive Finance District Fund

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

Kishwaukee TIF Fund

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

Kishwaukee TIF #2 Fund

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

1993 Tax Incentive Finance District Fund

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

Farmington Fund

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECT FUND

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

ENTERPRISE FUND

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

Water and Sewer Fund

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

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

Police Pension Fund

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

Firefighters' Pension Fund

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

AGENCY FUND

Escrow Fund

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

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 4,666,800	4,704,129	4,704,129
Hotel/Motel Tax	4,795	3,762	3,762
Auto Rental Tax	4,620	5,670	5,670
Telecommunication Tax	196,939	172,406	179,079
Utility Tax	2,135,214	2,301,862	2,315,922
Replacement Tax	237,515	357,870	344,106
	<u>7,245,883</u>	<u>7,545,699</u>	<u>7,552,668</u>
Intergovernmental			
Grants	234,369	99,140	137,899
Sales and Use Tax	3,580,885	3,588,523	3,587,440
State Income Tax	2,440,809	2,473,944	2,443,256
	<u>6,256,063</u>	<u>6,161,607</u>	<u>6,168,595</u>
Licenses and Permits			
Liquor Licenses	62,500	96,500	96,500
Business Licenses	15,200	14,484	14,484
Building Permits	163,550	120,094	121,846
Electrical Permits	21,250	14,310	14,335
Plumbing Permits	14,470	9,576	9,771
HVAC Permits	9,255	5,019	5,019
Amusement Machine Licenses	8,500	4,860	4,860
Other	9,660	6,768	6,928
	<u>304,385</u>	<u>271,611</u>	<u>273,743</u>
Fines and Forfeitures			
Circuit Court Fines	303,675	324,224	326,630
Parking Fines	5,000	9,706	9,706
Engineering Fees	20,000	-	-
Video Gambling	50,000	19,618	19,618
Electrician Certification Fees	4,500	2,800	3,700
Plan Review Fees	29,550	18,862	18,862
Sidewalk/Lot Grading	3,585	2,820	2,820
Franchise Fees	235,584	251,237	252,916
Death and Birth Certificates	19,500	16,382	16,792
Accident/Fire Reports	5,590	5,142	5,142
Annexation/Plat Fees	20,000	-	-

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Fines and Forfeitures - Continued			
Seized Vehicle Fees	\$ 63,600	88,800	88,800
Tipping Fees	68,000	112,781	130,762
Other	3,890	2,993	3,100
	<u>832,474</u>	<u>855,365</u>	<u>878,848</u>
Interest	<u>14,001</u>	<u>22,827</u>	<u>19,990</u>
Miscellaneous			
Reimbursements	418,647	469,797	198,375
Other	291,945	335,420	488,399
	<u>710,592</u>	<u>805,217</u>	<u>686,774</u>
Total Revenues	<u>15,363,398</u>	<u>15,662,326</u>	<u>15,580,618</u>

CITY OF BELVIDERE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
General Government			
General			
Employee Salaries	\$ 203,433	196,356	207,540
Elected Officials' Salaries	207,622	207,623	197,914
Health Insurance	277,109	258,756	386,998
Dental Insurance Claims Paid	28,000	21,834	21,834
Group Life Insurance	3,825	3,418	3,418
Meetings and Conferences	12,455	7,403	7,403
Office Supplies	91,955	63,482	63,482
Telephone	14,280	14,224	14,224
Communication	4,520	5,838	5,838
Subscriptions/Education Materials	500	337	337
Legal	24,360	6,237	6,237
Codification	4,500	1,228	1,228
Repairs and Maintenance - Building	24,400	18,537	18,537
Repairs and Maintenance - Equipment	1,000	-	-
Reimbursements - Seized Vehicle	-	3,000	3,000
Other Supplies	7,000	6,571	6,571
Miscellaneous	50,830	66,965	59,354
	<u>955,789</u>	<u>881,809</u>	<u>1,003,915</u>
Audit			
Accounting and Audit	31,500	28,500	28,500
IMRF	308,524	210,712	198,208
Social Security			
FICA	216,769	194,508	47,299
Medicare	123,836	114,145	114,145
	<u>340,605</u>	<u>308,653</u>	<u>161,444</u>
Tort Liability Insurance	704,921	734,811	507,408
Total General Government	<u>2,341,339</u>	<u>2,164,485</u>	<u>1,899,475</u>

CITY OF BELVIDERE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Public Safety			
Police Department			
Salaries	\$ 3,231,516	3,053,558	3,072,198
Overtime	382,170	372,557	359,077
Health Insurance	752,745	595,415	595,415
Dental Insurance Claims Paid	42,000	36,090	36,090
Police Pension	800,600	799,730	799,730
Unemployment Compensation	-	4,990	12,935
Uniform Allowance	65,838	62,699	62,699
Training	75,570	54,268	54,268
Repairs and Maintenance - Vehicles	132,950	94,540	94,540
Telephone	39,724	41,613	41,613
Physical Exams	4,320	210	210
Community Policing	7,500	6,536	6,536
K-9 Expenditures	4,180	3,907	3,907
Office Supplies	9,080	8,882	8,882
Gas and Oil	167,417	105,617	114,642
Supplies	32,590	26,400	21,225
Equipment	31,870	35,386	35,386
Vehicles	-	-	128,616
Miscellaneous	37,750	31,783	31,783
	<u>5,817,820</u>	<u>5,334,181</u>	<u>5,479,752</u>
Public Safety Building			
Salaries	572,635	521,393	502,637
FICA and IMRF	-	90,219	105,144
Other Contractual Services	254,066	194,490	193,467
	<u>826,701</u>	<u>806,102</u>	<u>801,248</u>
Fire Department			
Salaries	1,998,694	1,962,281	1,976,212
Overtime	191,500	200,248	188,973
Health Insurance	414,350	371,197	371,197
Dental Insurance Claims Paid	25,000	12,244	12,244
Fire Pension	570,900	570,270	570,270
Unemployment Compensation			
Uniform Allowance	23,000	23,585	23,585
Training	25,650	23,163	23,163

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Fire Department - Continued			
Repairs and Maintenance - Building	\$ 36,050	30,248	30,248
Repairs and Maintenance - Vehicles	49,800	58,681	58,956
Telephone	11,830	12,022	12,184
Physical Exams	2,500	503	503
Fire Prevention	3,150	2,646	2,646
Office Supplies	11,500	15,410	15,410
Gas and Oil	23,210	22,305	24,289
Supplies	9,000	8,322	8,322
Equipment	37,000	33,369	33,369
Miscellaneous	1,000	21	21
	<u>3,434,134</u>	<u>3,346,515</u>	<u>3,351,592</u>
Police and Fire Commissions			
Physical Exams	7,380	6,678	6,678
Other Contractual Services	4,875	13,718	13,718
	<u>12,255</u>	<u>20,396</u>	<u>20,396</u>
Building Department			
Salaries	122,027	139,291	140,553
FICA and IMRF	25,017	27,801	27,801
Health Insurance	33,617	25,401	25,401
Dental Insurance Claims Paid	2,000	4,700	4,700
Unemployment Compensation	-	-	1,602
Training	1,850	1,602	-
Other Professional Services	33,500	33,000	33,000
Repairs and Maintenance - Equipment	2,000	2,295	2,295
Telephone	300	62	62
Postage	650	302	302
Printing and Publishing	1,500	1,220	1,220
Office Supplies	3,460	3,074	3,074
Gas and Oil	2,465	1,267	1,354
Miscellaneous	1,000	933	5,933
	<u>229,386</u>	<u>240,948</u>	<u>247,297</u>

CITY OF BELVIDERE, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Civil Defense			
Miscellaneous	\$ 5,800	5,000	5,000
Total Public Safety	10,326,096	9,753,142	9,905,285
Highways and Streets			
Street Department			
Salaries	543,977	528,654	529,247
Overtime	40,000	57,409	57,409
Health Insurance	166,181	152,635	152,324
Uniform Allowance	15,000	10,983	10,983
Training	1,500	181	181
Repairs and Maintenance - Storm Drain	24,720	25,001	25,001
Repairs and Maintenance - Parking Lot	88,200	74,745	74,745
Repairs and Maintenance - Sidewalk	40,000	47,964	47,964
Repairs and Maintenance - Building	13,500	8,623	8,623
Repairs and Maintenance - Equipment	87,520	142,780	142,780
Repairs and Maintenance - Traffic Lights	15,460	37,320	37,320
Telephone	6,800	5,175	5,175
Leaf Cleanup	14,880	5,149	5,149
Office Supplies	6,210	2,408	2,408
Gas and Oil	77,739	95,846	100,113
Supplies	14,900	20,479	20,479
Equipment	-	89	89
Miscellaneous	2,100	2,784	2,784
	1,158,687	1,218,225	1,222,774
Street Lighting			
Repairs and Maintenance - Street Lights	10,000	32,250	32,250
Electricity	273,500	235,202	236,755
	283,500	267,452	269,005
Garbage			
Miscellaneous	63,000	56,262	56,262

CITY OF BELVIDERE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Highways and Streets - Continued			
Forestry			
Tree Removal/Purchase	\$ 50,000	88,910	88,910
Miscellaneous	1,000	-	-
	<u>51,000</u>	<u>88,910</u>	<u>88,910</u>
City Engineering			
Repairs and Maintenance - Vehicles	700	-	-
Engineering	20,000	16,839	16,839
Subdivision Expenditures	20,000	-	-
Office Supplies	8,550	5,630	5,630
Gas and Oil	2,465	-	-
	<u>51,715</u>	<u>22,469</u>	<u>22,469</u>
Total Highways and Streets	<u>1,607,902</u>	<u>1,653,318</u>	<u>1,659,420</u>
Health and Social Services			
Health Regulations and Inspections			
Council on Aging	23,000	23,000	23,000
Demolition	5,000	1,365	1,365
	<u>28,000</u>	<u>24,365</u>	<u>24,365</u>
Community and Economic Development			
Planning Department Services	174,431	79,163	97,093
Economic Development	73,000	73,000	73,000
Tourism	5,040	3,000	3,000
Historic Restoration	6,500	9,742	9,742
	<u>258,971</u>	<u>164,905</u>	<u>182,835</u>
Total Community and Economic Development	<u>258,971</u>	<u>164,905</u>	<u>182,835</u>
Total Expenditures	<u>14,562,308</u>	<u>13,760,215</u>	<u>13,671,380</u>

CITY OF BELVIDERE, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 40,000	39,978	39,978
Interest	500	132	144
Miscellaneous			
Reimbursements	-	250	17,384
Other	15,000	5,000	5,000
Total Revenues	<u>55,500</u>	<u>45,360</u>	<u>62,506</u>
Expenditures			
Capital Outlay			
Vehicles	143,303	138,138	138,138
Infrastructure	300,000	-	19,932
Miscellaneous	110,000	35,956	36,186
Debt Service			
Principal Retirement	45,000	45,000	45,000
Interest and Fiscal Charges	10,188	10,188	10,188
Total Expenditures	<u>608,491</u>	<u>229,282</u>	<u>249,444</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(552,991)	(183,922)	(186,938)
Other Financing Sources			
Transfers In	<u>495,188</u>	<u>495,188</u>	<u>495,188</u>
Net Change in Fund Balance	<u>(57,803)</u>	<u>311,266</u>	<u>308,250</u>
Fund Balance - Beginning			<u>252,518</u>
Fund Balance - Ending			<u><u>560,768</u></u>

CITY OF BELVIDERE, ILLINOIS

Nonmajor Governmental Funds - Special Revenue Funds

Combining Balance Sheet

April 30, 2014

See Following Page

CITY OF BELVIDERE, ILLINOIS

Nonmajor Governmental Funds - Special Revenue Funds

**Combining Balance Sheet
April 30, 2014**

	Motor Fuel Tax	1990 Tax Incentive Finance District
ASSETS		
Cash and Cash Equivalents	\$ 651,143	-
Receivables - Net of Allowances		
Property Taxes	-	-
Other Taxes	47,167	-
Land Held for Resale	-	-
Total Assets	<u>698,310</u>	<u>-</u>
LIABILITIES		
Due to Other Funds	-	-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	-	-
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	698,310	-
Unassigned	-	-
Total Fund Balances	<u>698,310</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>698,310</u>	<u>-</u>

Kishwaukee TIF	Kishwaukee TIF #2	1993 Tax Incentive Finance District	Farmington	Totals
28,967	4,915	23,720	35,617	744,362
20,977	-	-	12,188	33,165
-	-	-	-	47,167
439,754	-	-	-	439,754
489,698	4,915	23,720	47,805	1,264,448
214,738	-	-	-	214,738
20,977	-	-	12,188	33,165
235,715	-	-	12,188	247,903
439,754	-	-	-	439,754
-	4,915	23,720	35,617	762,562
(185,771)	-	-	-	(185,771)
253,983	4,915	23,720	35,617	1,016,545
489,698	4,915	23,720	47,805	1,264,448

CITY OF BELVIDERE, ILLINOIS

Nonmajor Governmental Funds - Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2014**

	Motor Fuel Tax	1990 Tax Incentive Finance District
Revenues		
Taxes	\$ -	-
Intergovernmental	865,496	-
Interest	444	13
Miscellaneous	-	-
Total Revenues	865,940	13
Expenditures		
General Government	-	29,153
Highways and Streets	737,991	-
Debt Service		
Interest and Fiscal Charges	-	-
Total Expenditures	737,991	29,153
Net Change in Fund Balances	127,949	(29,140)
Fund Balances - Beginning	570,361	29,140
Fund Balances - Ending	698,310	-

Kishwaukee TIF	Kishwaukee TIF #2	1993 Tax Incentive Finance District	Farmington	Totals
99,282	1,068	23,627	15,475	139,452
-	-	-	-	865,496
3	-	-	-	460
1,690	-	-	-	1,690
100,975	1,068	23,627	15,475	1,007,098
2,227	-	-	18,244	49,624
-	-	-	-	737,991
78,976	-	-	-	78,976
81,203	-	-	18,244	866,591
19,772	1,068	23,627	(2,769)	140,507
234,211	3,847	93	38,386	876,038
253,983	4,915	23,720	35,617	1,016,545

CITY OF BELVIDERE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 601,248	759,900	763,067
Grants - State	-	102,429	102,429
Interest	500	403	444
Miscellaneous	24,000	-	-
Total Revenues	625,748	862,732	865,940
Expenditures			
Highways and Streets			
Street Maintenance	989,300	737,991	737,991
Net Change in Fund Balance	(363,552)	124,741	127,949
Fund Balance - Beginning			570,361
Fund Balance - Ending			698,310

CITY OF BELVIDERE, ILLINOIS

1990 Tax Incentive Finance District - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	13	13
Expenditures			
General Government			
Miscellaneous	-	29,152	29,153
Net Change in Fund Balance	-	(29,139)	(29,140)
Fund Balance - Beginning			29,140
Fund Balance - Ending			-

CITY OF BELVIDERE, ILLINOIS

Kishwaukee TIF - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 126,000	99,282	99,282
Interest	5	3	3
Miscellaneous	-	1,690	1,690
Total Revenues	<u>126,005</u>	<u>100,975</u>	<u>100,975</u>
Expenditures			
General Government			
Miscellaneous	8,000	2,227	2,227
Debt Service			
Principal Retirement	11,372	3,628	-
Interest and Fiscal Charges	98,628	75,349	78,976
Total Expenditures	<u>118,000</u>	<u>81,204</u>	<u>81,203</u>
Net Change in Fund Balance	<u>8,005</u>	<u>19,771</u>	19,772
Fund Balance - Beginning			<u>234,211</u>
Fund Balance - Ending			<u>253,983</u>

CITY OF BELVIDERE, ILLINOIS

Kishwaukee TIF #2 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 1,000	1,068	1,068
Expenditures			
General Government	-	-	-
Net Change in Fund Balance	<u>1,000</u>	<u>1,068</u>	1,068
Fund Balance - Beginning			<u>3,847</u>
Fund Balance - Ending			<u><u>4,915</u></u>

CITY OF BELVIDERE, ILLINOIS

1993 Tax Incentive Finance District - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 22,000	23,626	23,627
Expenditures			
Debt Service			
Interest and Fiscal Charges	22,000	-	-
Net Change in Fund Balance	<u>-</u>	<u>23,626</u>	23,627
Fund Balance - Beginning			<u>93</u>
Fund Balance - Ending			<u>23,720</u>

CITY OF BELVIDERE, ILLINOIS

Farmington - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 19,535	15,474	15,475
Interest	1	-	-
Total Revenues	<u>19,536</u>	<u>15,474</u>	<u>15,475</u>
Expenditures			
General Government			
Repairs and Maintenance	20,000	18,244	18,244
Miscellaneous	1,000	-	-
Total Expenditures	<u>21,000</u>	<u>18,244</u>	<u>18,244</u>
Net Change in Fund Balance	<u>(1,464)</u>	<u>(2,770)</u>	(2,769)
Fund Balance - Beginning			<u>38,386</u>
Fund Balance - Ending			<u>35,617</u>

CITY OF BELVIDERE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water			
Customer Charges	\$ 2,287,381	2,362,484	2,312,579
Meter Sales	89,245	86,573	86,573
Sewer			
Customer Charges	3,344,418	3,352,670	3,359,255
Meter Sales	89,245	93,675	93,675
Other Revenue	24,200	57,907	63,052
Total Operating Revenues	<u>5,834,489</u>	<u>5,953,309</u>	<u>5,915,134</u>
Operating Expenses			
Operations			
Water	3,998,029	1,683,936	1,708,780
Sewer	3,397,679	3,634,452	1,751,904
Collection System	4,358,758	470,551	425,096
Depreciation	-	-	1,289,314
Total Operating Expenses	<u>11,754,466</u>	<u>5,788,939</u>	<u>5,175,094</u>
Operating Income (Loss)	<u>(5,919,977)</u>	<u>164,370</u>	<u>740,040</u>
Nonoperating Revenues (Expenses)			
Connection Fees	59,000	78,509	113,937
Interest Income	46,600	31,166	33,934
Interest and Fiscal Charges	(130,798)	(104,638)	(109,384)
	<u>(25,198)</u>	<u>5,037</u>	<u>38,487</u>
Income (Loss) Before Transfers	<u>(5,945,175)</u>	<u>169,407</u>	<u>778,527</u>
Transfers In	<u>4,020,596</u>	<u>419,996</u>	<u>419,996</u>
Change in Net Position	<u>(1,924,579)</u>	<u>589,403</u>	<u>1,198,523</u>
Net Position - Beginning			<u>43,655,225</u>
Net Position - Ending			<u>44,853,748</u>

CITY OF BELVIDERE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operations			
Water			
Salaries	\$ 515,562	535,338	518,102
Overtime	50,000	38,268	38,268
IMRF	128,097	117,777	79,018
FICA/Medicare	-	-	101,035
Group Health Insurance	188,996	164,381	163,665
Uniform Allowance	11,768	7,063	7,063
Repairs and Maintenance			
Infrastructure	33,795	71,298	70,328
Equipment	7,520	53,827	53,827
Building	2,255,500	4,739	4,739
Vehicles	14,000	25,144	25,144
Contractual	95,000	53,049	53,048
Other Professional Services	11,000	13,108	13,108
Telephone	8,000	6,902	6,902
Postage	17,000	15,425	16,223
Utilities	255,000	216,462	213,744
Liability Insurance	111,370	101,203	99,683
Equipment Rentals	25,116	15,400	15,400
Lab Expense	32,225	25,363	22,746
Office Supplies	9,355	6,843	6,843
Gas and Oil	19,790	26,569	26,569
Supplies	61,145	60,741	60,741
Chemicals	90,000	74,336	71,811
Equipment	19,000	15,895	15,895
Meters	24,830	29,697	19,748
Bad Debt Expense	4,000	80	80
Miscellaneous	9,960	5,028	5,050
Total Water	3,998,029	1,683,936	1,708,780

CITY OF BELVIDERE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operations - Continued			
Sewer			
Salaries	\$ 588,453	588,432	593,191
Overtime	55,000	64,639	64,639
IMRF	144,675	119,222	85,479
Group Health Insurance	188,137	183,841	183,508
Uniform Allowance	15,000	12,480	12,480
Repairs and Maintenance			
Lift Station	56,410	57,653	59,440
Building	1,630,000	184,903	184,903
Vehicles	21,500	18,677	18,677
Contractual	-	4,149	4,149
Construction in Progress	-	1,827,614	-
Other Professional Services	52,675	37,465	37,465
Other Equipment Rental	11,385	7,427	7,427
Telephone	13,000	15,498	15,498
Travel		1,015	1,015
Postage	14,500	13,804	14,603
Utilities	190,000	225,575	207,002
Liability Insurance	132,252	120,179	118,373
Sludge Disposal	9,440	7,684	7,684
Lab Expense	61,500	38,361	38,361
Operating Supplies	11,940	9,782	8,471
Office Supplies	8,500	7,060	6,995
Gas and Oil	39,050	20,097	20,097
Chemicals	105,000	59,180	52,732
Equipment	20,000	705	705
Meters	20,500	7,158	7,158
Bad Debt Expense	4,000	24	24
Miscellaneous	4,762	1,828	1,828
Total Sewer	3,397,679	3,634,452	1,751,904

CITY OF BELVIDERE, ILLINOIS

Water and Sewer - Enterprise Fund

**Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operations - Continued			
Collection System			
Salaries	\$ 206,868	207,713	208,723
Overtime	30,000	27,216	27,216
IMRF	59,691	51,032	37,634
Group Health Insurance	61,189	58,905	58,810
Uniform Allowance	6,600	3,716	3,716
Repairs and Maintenance			
Infrastructure	31,340	15,635	15,635
Equipment	27,000	16,077	16,077
Building	3,780,000	-	-
Vehicles	108,600	50,014	17,042
Office Equipment Rental	14,840	8,872	8,872
Operating Supplies	18,000	15,393	15,393
Gas and Oil	12,100	14,124	14,124
Miscellaneous	2,530	1,854	1,854
Total Collection System	4,358,758	470,551	425,096
Depreciation	-	-	1,289,314
Total Operating Expenses	11,754,466	5,788,939	5,175,094

CITY OF BELVIDERE, ILLINOIS

Pension Trust Funds

**Combining Statement of Fiduciary Net Position
April 30, 2014**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 9,200	18,176	27,376
Investments			
U.S. Government and Agency Obligations	3,712,600	1,404,301	5,116,901
Municipal Bonds	742,821	682,540	1,425,361
Corporate Bonds	3,168,104	1,008,632	4,176,736
Equities	2,311,322	6,022,677	8,333,999
Mutual Funds	6,711,578	-	6,711,578
Money Market Mutual Funds	153,396	1,006,907	1,160,303
Insurance Contracts	365,779	3,148,385	3,514,164
Receivables - Accrued Interest	78,834	22,626	101,460
Prepays	517	15,376	15,893
Total Assets	17,254,151	13,329,620	30,583,771
LIABILITIES			
Accounts Payable	6,297	4,917	11,214
NET POSITION			
Net Position Held in Trust for Pension Benefits	17,247,854	13,324,703	30,572,557

CITY OF BELVIDERE, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended April 30, 2014**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 858,260	628,800	1,487,060
Contributions - Plan Members	279,902	180,173	460,075
Total Contributions	1,138,162	808,973	1,947,135
Investment Income			
Interest Earned	641,222	177,633	818,855
Net Change in Fair Value	609,114	1,126,368	1,735,482
	1,250,336	1,304,001	2,554,337
Less Investment Expenses	(61,507)	(88,746)	(150,253)
Net Investment Income	1,188,829	1,215,255	2,404,084
Total Additions	2,326,991	2,024,228	4,351,219
Deductions			
Administration	24,371	31,232	55,603
Benefits and Refunds	940,893	910,222	1,851,115
Total Deductions	965,264	941,454	1,906,718
Change in Net Position	1,361,727	1,082,774	2,444,501
Net Position Held in Trust for Pension Benefits			
Beginning	15,886,127	12,241,929	28,128,056
Ending	17,247,854	13,324,703	30,572,557

CITY OF BELVIDERE, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 850,587	858,260	858,260
Contributions - Plan Members	270,000	289,224	279,902
Total Contributions	1,120,587	1,147,484	1,138,162
Investment Income			
Interest Income	800,000	1,150,336	641,222
Net Change in Fair Value	-	-	609,114
	800,000	1,150,336	1,250,336
Less Investment Expenses	-	-	(61,507)
Net Investment Income	800,000	1,150,336	1,188,829
Total Additions	1,920,587	2,297,820	2,326,991
Deductions			
Administration	85,000	112,386	24,371
Benefits and Refunds	880,000	962,390	940,893
Total Deductions	965,000	1,074,776	965,264
Change in Net Position	955,587	1,223,044	1,361,727
Net Position Held in Trust for Pension Benefits			
Beginning			<u>15,886,127</u>
Ending			<u>17,247,854</u>

CITY OF BELVIDERE, ILLINOIS

Firefighters' Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 620,887	628,800	628,800
Contributions - Plan Members	175,000	175,000	180,173
Total Contributions	795,887	803,800	808,973
Investment Income			
Interest Income	800,000	800,000	177,633
Net Change in Fair Value	-	-	1,126,368
	800,000	800,000	1,304,001
Less Investment Expenses	-	-	(88,746)
Net Investment Income	800,000	800,000	1,215,255
Total Additions	1,595,887	1,603,800	2,024,228
Deductions			
Administration	70,000	70,000	31,232
Benefits and Refunds	950,000	950,000	910,222
Total Deductions	1,020,000	1,020,000	941,454
Change in Net Position	575,887	583,800	1,082,774
Net Position Held in Trust for Pension Benefits			
Beginning			<u>12,241,929</u>
Ending			<u>13,324,703</u>

CITY OF BELVIDERE, ILLINOIS

Escrow - Agency Fund

**Schedule of Changes in Assets and Liabilities
For the Fiscal Year Ended April 30, 2014**

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u> <u>Balances</u>
ASSETS				
Cash and Cash Equivalents	<u>\$ 890,507</u>	<u>299,430</u>	<u>-</u>	<u>1,189,937</u>
LIABILITIES				
Due to Developers	<u>38,278</u>	<u>226,151</u>	<u>-</u>	<u>264,429</u>
Due to Other Governments	<u>852,229</u>	<u>73,279</u>	<u>-</u>	<u>925,508</u>
Total Liabilities	<u>890,507</u>	<u>299,430</u>	<u>-</u>	<u>1,189,937</u>

**IDA PUBLIC LIBRARY
COMPONENT UNIT**

**Statement of Net Position and Balance Sheet - Governmental Fund
April 30, 2014**

	Balance Sheet	Adjustments	Statement of Net Position
ASSETS			
Current Assets			
Cash and Investments	\$ 542,554	-	542,554
Receivables - Net of Allowances			
Taxes	661,083	-	661,083
Prepays	9,096	-	9,096
Total Current Assets	<u>1,212,733</u>	<u>-</u>	<u>1,212,733</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	181,150	181,150
Depreciable	-	1,862,133	1,862,133
Accumulated Depreciation	-	(940,214)	(940,214)
Total Noncurrent Assets	<u>-</u>	<u>1,103,069</u>	<u>1,103,069</u>
Total Assets	<u>1,212,733</u>	<u>1,103,069</u>	<u>2,315,802</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	7,902	-	7,902
Accrued Payroll	11,063	-	11,063
Other Payables	34,481	-	34,481
Compensated Absences Payable	-	1,621	1,621
Mortgage Loans Payable	-	13,063	13,063
Total Current Liabilities	<u>53,446</u>	<u>14,684</u>	<u>68,130</u>
Noncurrent Liabilities			
Compensated Absences	-	6,486	6,486
Mortgage Loans Payable	-	358,471	358,471
Total Noncurrent Liabilities	<u>-</u>	<u>364,957</u>	<u>364,957</u>
Total Liabilities	<u>53,446</u>	<u>379,641</u>	<u>433,087</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	661,083	-	661,083
Total Liabilities and Deferred Inflows of Resources	<u>714,529</u>	<u>379,641</u>	<u>1,094,170</u>
FUND BALANCES/NET POSITION			
Net Investment in Capital Assets	-	731,535	731,535
Nonspendable	9,096	(9,096)	-
Restricted - Donor Specific	87,539	-	87,539
Committed - Public Library	401,569	989	402,558
Total Fund Balances	<u>498,204</u>	<u>723,428</u>	<u>1,221,632</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	<u>1,212,733</u>	<u>1,103,069</u>	<u>2,315,802</u>

**IDA PUBLIC LIBRARY
COMPONENT UNIT**

**Statement of Activities and Statement of Revenues, Expenditures and
Changes in Fund Balances/Net Position - Governmental Fund
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual	Adjustments	Statement of Activities
	Original	Final			
Revenues					
Taxes					
Property Taxes	\$ 630,000	642,028	648,691	-	648,691
Replacement Taxes	30,000	38,889	38,889	-	38,889
Grants and Contributions	26,000	26,000	47,952	-	47,952
Charges for Services	58,000	58,000	36,008	-	36,008
Interest Income	-	-	14,318	-	14,318
Miscellaneous	78,000	78,000	73,589	-	73,589
Total Revenues	822,000	842,917	859,447	-	859,447
Expenditures					
Current					
Culture and Recreation	822,000	827,832	644,759	363,452	1,008,211
Capital Outlay	-	-	244,001	(244,001)	-
Debt Service					
Principal Retirement	-	-	12,371	(12,371)	-
Interest and Fiscal Charges	-	-	20,727	-	20,727
Total Expenditures/Expenses	822,000	827,832	921,858	107,080	1,028,938
Net Change in Fund Balances/Net Position	-	15,085	(62,411)	(107,080)	(169,491)
Fund Balances/Net Position - Beginning			560,615	830,508	1,391,123
Fund Balances/Net Position - Ending			498,204	723,428	1,221,632

SUPPLEMENTAL SCHEDULES

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

**Brownfield Revolving Loan Payable
April 30, 2014**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

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

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

**IEPA Wastewater Treatment Works Loan Payable
April 30, 2014**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2015	\$ 98,579	25,171	123,750
2016	99,819	23,935	123,754
2017	101,068	22,684	123,752
2018	102,335	21,417	123,752
2019	103,619	20,133	123,752
2020	104,917	18,835	123,752
2021	106,233	17,519	123,752
2022	107,565	16,187	123,752
2023	108,914	14,838	123,752
2024	110,280	13,472	123,752
2025	111,662	12,090	123,752
2026	113,062	10,690	123,752
2027	114,480	9,272	123,752
2028	115,916	7,836	123,752
2029	117,369	6,383	123,752
2030	118,841	4,911	123,752
2031	120,331	3,421	123,752
2032	121,840	1,912	123,752
2033	61,485	384	61,869
	<u>2,038,315</u>	<u>251,090</u>	<u>2,289,405</u>

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Debt Certificates of 2005
April 30, 2014**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2015	\$ 45,000	9,535	54,535
2016	50,000	8,846	58,846
2017	50,000	8,121	58,121
2018	50,000	7,396	57,396
2019	55,000	6,635	61,635
2020	55,000	5,837	60,837
2021	60,000	5,003	65,003
2022	60,000	4,133	64,133
2023	60,000	3,264	63,264
2024	65,000	2,357	67,357
2025	65,000	1,415	66,415
2026	65,098	472	65,570
	<u>680,098</u>	<u>63,014</u>	<u>743,112</u>

CITY OF BELVIDERE, ILLINOIS

Schedule of Long-Term Debt Requirements

**General Obligation Revenue Refunding Bonds of 2013
April 30, 2014**

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2015	\$ 205,000	35,903	240,903
2016	250,000	32,302	282,302
2017	400,000	26,540	426,540
2018	400,000	18,840	418,840
2019	400,000	10,540	410,540
2020	260,000	3,120	263,120
	<u>1,915,000</u>	<u>127,245</u>	<u>2,042,245</u>

CITY OF BELVIDERE, ILLINOIS

Assessed Valuations, Tax Rates and Tax Extensions - Last Five Tax Levy Years
April 30, 2014

	2009	2010	2011	2012	2013
Assessed Valuations					
City	\$ 447,767,822	395,816,101	352,948,663	332,246,506	296,657,007
Library	\$ 447,767,822	390,788,864	352,762,603	332,246,505	296,657,007
Tax Rates - City					
Corporate	0.37899	0.43485	0.43750	0.57608	0.60596
IMRF	0.03400	0.01520	0.01700	0.02036	0.02608
Fire Protection	0.06561	0.00030	0.00142	0.01253	0.00695
Fire Pension	0.08348	0.20590	0.23551	0.17874	0.25142
Police Protection	0.06561	0.00030	0.00142	0.01253	0.00695
Police Pension	0.08348	0.20680	0.23403	0.25066	0.32990
Garbage	0.00222	0.00130	0.00425	0.00783	0.02156
Audit	0.00577	0.00380	0.00425	0.00627	0.00695
Street Lighting	0.04655	0.05000	0.05000	0.06888	0.07302
Public Benefit	-	0.01010	0.01134	0.01253	0.01391
Civil Defense	0.00149	0.00170	0.00193	0.00220	0.00247
Social Security	0.05209	0.04550	0.05381	0.06106	0.07650
Forestry	0.01330	0.01010	0.01134	0.01253	0.01391
Special Road and Bridge	0.01441	0.01390	0.01559	0.01879	0.02086
Tort Judgment/Liability Insurance	0.07093	0.05050	0.06517	0.12790	0.10605
Insurance	0.01840	0.02020	0.02267	0.02818	0.02782
	0.93633	1.07045	1.16723	1.39707	1.59030
Tax Rates - Library					
Corporate	0.13886	0.16019	0.18200	0.20351	0.22986
Total Tax Rates	1.07519	1.23064	1.34923	1.60058	1.82016
Tax Extensions - City					
Corporate	\$ 1,696,995	1,721,206	1,544,150	1,840,028	1,742,756
IMRF	152,241	60,164	60,001	65,031	75,007
Fire Protection	293,780	1,187	5,012	40,021	20,017
Fire Pension	373,797	814,985	831,229	570,904	723,119
Police Protection	293,780	1,187	5,012	40,021	20,017
Police Pension	373,797	818,548	826,006	800,620	948,801
Garbage	9,940	5,146	15,000	25,010	62,007
Audit	25,836	15,041	15,000	20,027	20,017
Street Lighting	208,436	197,908	176,474	220,006	210,007
Public Benefit	-	39,977	40,024	40,021	40,006
Civil Defense	6,672	6,729	6,812	7,027	7,104
Social Security	233,242	180,096	189,922	195,029	220,016
Forestry	59,553	39,977	40,024	40,021	40,005
Special Road and Bridge	64,523	55,018	55,025	60,016	60,023
Tort Judgment/Liability Insurance	317,602	199,887	230,017	408,519	305,003
Insurance	82,389	79,955	80,013	90,008	80,011
	4,192,584	4,237,013	4,119,723	4,462,309	4,573,916
Tax Extensions - Library					
Corporate	621,770	626,005	642,028	676,155	681,896
Total Tax Extensions	4,814,355	4,863,018	4,761,751	5,138,464	5,255,812

CITY OF BELVIDERE, ILLINOIS

**Property Tax Levies and Collections - Last Ten Tax Levy Years
April 30, 2014**

Tax Levy Year	Tax Levy Extensions	Total Collections to Date	
		Amount (1)	Percentage of Levy
2003	\$ 2,694,749	\$ 2,711,210	100.61%
2004	2,897,585	2,923,726	100.90%
2005	3,193,233	3,215,988	100.71%
2006	3,509,297	3,484,480	99.29%
2007	3,761,018	3,782,034	100.56%
2008	4,063,826	4,069,614	100.14%
2009	4,109,914	4,404,156	107.16%
2010	4,237,013	4,381,602	103.41%
2011	4,119,723	4,093,709	99.37%
2012	4,462,309	4,453,854	99.81%

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

CITY OF BELVIDERE, ILLINOIS

**Legal Debt Margin - Last Five Fiscal Years
April 30, 2014**

See Following Page

CITY OF BELVIDERE, ILLINOIS

**Legal Debt Margin - Last Five Fiscal Years
April 30, 2014**

	<u>2009</u>
Assessed Valuation	<u>\$ 447,767,822</u>
Bonded Debt Limit - 8.625% of Assessed Value	38,619,975
Amount of Debt Applicable to Limit	<u>850,210</u>
Legal Debt Margin	<u>37,769,765</u>
Percentage of Legal Debt Margin to Bonded Debt Limit	<u>97.80%</u>

2010	2011	2012	2013
395,816,101	352,948,663	332,246,506	296,657,007
34,139,139	30,441,822	28,656,261	25,586,667
810,982	770,982	725,098	680,098
33,328,157	29,670,840	27,931,163	24,906,569
97.62%	97.47%	97.47%	97.34%