



CITY OF BELLEVILLE, ILLINOIS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

APRIL 30, 2012

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CITY OF BELLEVILLE, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of City Council
City of Belleville, Illinois:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the City of Belleville, Illinois prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, except for the City's Enterprise Funds and Pension Trust Funds, which have been prepared on the accrual basis of accounting.

As discussed in Note 1 to the financial statements, the City has not recorded fixed assets or infrastructure in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the City of Belleville, Illinois as of April 30, 2012 or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (accrual basis), each major governmental fund (modified cash basis), the major enterprise fund (accrual basis) and the aggregate remaining fund information of the City of Belleville, Illinois, as of April 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 25, 2012, on our consideration of the City of Belleville, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (pages 51 through 56), and schedules of retirement funding progress (pages 57 through 59) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belleville, Illinois' basic financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

C. J. Schlosser & Co., P.C.

Certified Public Accountants
Alton, Illinois

September 25, 2012

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2012

As management of the City of Belleville, Illinois (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended April 30, 2012.

FINANCIAL HIGHLIGHTS

The following are a few of the financial highlights presented in the accompanying financial statements for the City of Belleville for the fiscal year ended April 30, 2012.

- The City's total net assets decreased by \$15,519,844 during fiscal year 2012, mainly due to the issuance of over \$23 million in new tax increment financing debt. If you exclude the issuance of the new debt, the net assets increased significantly during the fiscal year.
- At the end of fiscal year 2012, unassigned fund balance for the General Fund was \$2,007,826 or 8.36% of total General Fund expenditures for the year.
- Net assets of the City's business-type activities increased by \$4,291,231 during fiscal year 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements. There are three components to the basic statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude fiduciary fund activities.

The statement of net assets presents information on the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Please note that currently the statement of net assets presents the business-type activities on the accrual basis, and the governmental activities on the modified cash basis.

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2012

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. This statement demonstrates the degree to which the direct expenses of a given function are offset by program revenues, and it presents the general revenues separately.

The government-wide financial statements distinguish functions of the City 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, public works, sanitation, cemetery, health and welfare, economic development and community services. The business-type activities include sewer operations and the municipal swimming pool, which closed in April 2012.

The government-wide financial statements can be found on pages 12 and 13 of this report.

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 state and 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, proprietary and fiduciary.

Governmental Funds. Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City of Belleville maintains seventeen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for two major funds: General Fund and Tax Increment Financing Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "Other Governmental Funds." Individual fund data

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2012

for each of these nonmajor governmental funds is provided in the form of combining schedules in the other supplementary information section of this report.

The City adopts an annual budget for all governmental funds. Budgetary comparison schedules for the major funds have been provided to demonstrate legal compliance with the adopted budget.

The governmental fund financial statements can be found on pages 14 and 16 of this report.

Proprietary funds. Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The City of Belleville uses an enterprise fund to account for its sewer operations and swimming pool.

The basic proprietary fund financial statements can be found on pages 18 - 20 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 used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Notes to the basic 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 basic financial statements can be found beginning on page 23 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 51 through 59 of this report.

Other supplementary information. The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 60 through 63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City currently does not fully present its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Management is working towards becoming fully compliant with this reporting model over the next year.

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2012

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, because we do not fully follow the GASB 34 model of reporting, long-term capital assets, such as City-owned infrastructure, are not recorded for the governmental activities. Because these figures are not reported, liabilities exceeded assets by \$44,678,664 at the close of the most recent fiscal year (April 30, 2012).

The condensed statement of net assets is as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011
ASSETS						
Current and other assets	\$ 23,855,110	\$ 22,748,119	\$ 14,899,681	\$ 13,773,977	\$ 38,754,791	\$ 36,522,096
Capital assets, net	33,750	33,750	58,682,875	39,111,109	58,716,625	39,144,859
Total assets	<u>23,888,860</u>	<u>22,781,869</u>	<u>73,582,556</u>	<u>52,885,086</u>	<u>97,471,416</u>	<u>75,666,955</u>
LIABILITIES						
Long-term liabilities	68,555,824	47,634,103	30,188,169	16,941,533	98,743,993	64,575,636
Other liabilities	11,700	15,355	6,300,158	3,140,555	6,311,858	3,155,910
Total liabilities	<u>68,567,524</u>	<u>47,649,458</u>	<u>36,488,327</u>	<u>20,082,088</u>	<u>105,055,851</u>	<u>67,731,546</u>
NET ASSETS						
Invested in capital assets, net of related debt	-	-	30,575,372	26,541,025	30,575,372	26,541,025
Restricted	22,406,325	5,175,505	114,510	-	22,520,835	5,175,505
Unrestricted	<u>(67,084,989)</u>	<u>(30,043,094)</u>	<u>6,404,347</u>	<u>6,261,973</u>	<u>(60,680,642)</u>	<u>(23,781,121)</u>
Total net assets	<u>\$ (44,678,664)</u>	<u>\$ (24,867,589)</u>	<u>\$ 37,094,229</u>	<u>\$ 32,802,998</u>	<u>\$ (7,584,435)</u>	<u>\$ 7,935,409</u>

Restricted net assets represent resources that are subject to external restrictions on how they may be used. Unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in one of the two categories of net assets for its governmental activities and all three categories of net assets for its business-type activities. The negative amount of unrestricted net assets in governmental activities is due to outstanding long-term debt.

The City of Belleville's net assets decreased by \$15,519,844 during fiscal year 2012. This decrease is in large part to the new tax increment financing debt that was issued during the fiscal year.

Governmental activities. Governmental activities decreased the City's presented net assets by \$19,811,075. As previously mentioned, this is due to the issuance of over \$23 million of new tax increment financing debt related to the Carlyle/GreenMount tax increment financing district.

Revenues decreased by \$2,897,258 from fiscal year 2011 to 2012 mainly due to delays in receiving state income tax revenue from the State, as well as the completion of some sizable grants that the City had been awarded in the previous fiscal year. Expenditures increased by \$19,648,739, again mainly due to the issuance of the new tax increment financing debt. If the

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2012

effect of the issuance of this new debt is removed from the statement, other expenditures actually decreased by approximately \$800,000 for the fiscal year.

Business-type activities. Business-type activities increased the City's net assets by \$4,291,231. There was a \$2,500,000 non-operating revenue item included that represents the amount of new construction debt for the new sewer plant project that was forgiven by the Illinois Environmental Protection Agency (IEPA). Sewer rates are reviewed each year to insure that revenues keep up with inflation as expenses do. The condensed statement of activities is as follows:

	Governmental Activities		Business-type Activities		Total	
	For The Year Ended April 30, 2012	For The Year Ended April 30, 2011	For The Year Ended April 30, 2012	For The Year Ended April 30, 2011	For The Year Ended April 30, 2012	For The Year Ended April 30, 2011
REVENUES						
Program revenues:						
Charges for services	\$ 6,322,280	\$ 7,147,845	\$ 6,651,066	\$ 7,058,502	\$ 12,973,346	\$ 14,206,347
Operating grants	351,520	1,472,962			351,520	1,472,962
Capital grants	718,634	940,475	-	-	718,634	940,475
General revenues:						
Property taxes	21,062,894	21,108,577	-	-	21,062,894	21,108,577
Sales and use taxes	11,881,119	11,528,379	-	-	11,881,119	11,528,379
Replacement taxes	388,304	430,441	-	-	388,304	430,441
State income taxes	3,216,378	3,893,913	-	-	3,216,378	3,893,913
Motor fuel taxes	1,135,508	1,156,009	-	-	1,135,508	1,156,009
Telecommunications taxes	1,756,755	1,679,255	-	-	1,756,755	1,679,255
Utility taxes	3,142,648	3,210,737	-	-	3,142,648	3,210,737
Other local taxes	70,249	79,660	-	-	70,249	79,660
Investment earnings	20,460	56,687	12,429	29,485	32,889	86,172
Miscellaneous	141,973	114,006	2,500,606	3,989	2,642,579	117,995
Transfers	(1,067,312)	(780,278)	1,067,312	780,278	-	-
Total revenues	49,141,410	52,038,668	10,231,413	7,872,254	59,372,823	59,910,922
EXPENSES						
Governmental activities:						
General government	6,250,153	5,434,689	-	-	6,250,153	5,434,689
Public safety	14,414,280	14,989,180	-	-	14,414,280	14,989,180
Public works	8,070,544	5,442,511	-	-	8,070,544	5,442,511
Sanitation	2,177,033	2,733,092	-	-	2,177,033	2,733,092
Cemetery	252,458	345,235	-	-	252,458	345,235
Health and welfare	736,827	732,495	-	-	736,827	732,495
Development	29,694,545	12,337,760	-	-	29,694,545	12,337,760
Cultural and recreational	2,809,186	2,811,807	-	-	2,809,186	2,811,807
Interest on long-term debt	4,547,459	4,476,977	-	-	4,547,459	4,476,977
Business-type activities:						
Waterworks and sewerage	-	-	5,847,268	5,843,411	5,847,268	5,843,411
Nonmajor	-	-	92,914	86,900	92,914	86,900
Total expenses	68,952,485	49,303,746	5,940,182	5,930,311	74,892,667	55,234,057
Change in net assets	(19,811,075)	2,734,922	4,291,231	1,941,943	(15,519,844)	4,676,865
Net assets - beginning	(24,867,589)	(27,602,511)	32,802,998	31,903,236	7,935,409	4,300,725
Other change in net assets	-	-	-	(1,042,181)	-	(1,042,181)
Net assets - ending	\$ (44,678,664)	\$ (24,867,589)	\$ 37,094,229	\$ 32,802,998	\$ (7,584,435)	\$ 7,935,409

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2012

FUNDS FINANCIAL ANALYSIS

As noted earlier, the City of Belleville 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. Such information is useful in assessing the City's financing requirements. 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.

At the end of fiscal year 2012, the City's governmental funds reported combined ending fund balances of \$24,484,494, an increase of \$1,218,019 in comparison with the prior year. Approximately 7.9% of this total amount (\$1,924,811) constitutes unassigned fund balance, which is available for spending at the City's discretion. \$21,887,344 (89.4% of the total governmental funds fund balance) has been restricted externally for specific purposes by either creditors or external legislation. The remainder of the fund balance is either nonspendable, meaning it is not in spendable form, or committed, which means there have been constraints placed on the spending of these funds by the City.

The General Fund is the chief operating fund of the City of Belleville. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,007,826. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 8.36% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$29,212 during the current fiscal year. The City has remained diligent in trying to keep expenditures down while revenues have been delayed or reduced, and while trying to rebuild our reserves that were greatly reduced over the last few years due to the sluggish economy.

The Tax Increment Financing (TIF) Fund is a major special revenue fund of the City. Its resources are to be used for leveraging development within the boundaries of the City's 22 tax increment financing districts. Three of the City's TIF districts were closed during fiscal year 2012. At the end of the current fiscal year, the fund balance of the TIF fund was \$17,419,012, which is an increase of \$1,962,601 compared to 2011.

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

Unrestricted net assets of the sewer fund and swimming pool fund at the end of the year amounted to \$6,404,347, an increase of \$142,374 or 2.28%. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

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Management's Discussion and Analysis

For the fiscal year ended April 30, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2012 expenditure budget for the City's General Fund represents an original budget of \$24,973,276. Actual expenditures in the general fund were \$23,924,201, which is \$1,272,030 less than the final, amended budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Belleville's recorded investment in capital assets for its governmental and business-type activities as of April 30, 2012, amounts to \$58,716,625, net of accumulated depreciation. The investment in capital assets generally includes land, buildings and improvements, equipment, vehicles and infrastructure, but as noted above, the City does not follow the GASB 34 model of reporting, and therefore does not record all capital assets of the governmental funds, which is assumed to be a significant figure. The total increase in the recorded capital assets for the current year was \$19,571,765 or 50% (entirely for business-type activities.)

The major portion of the increase for business-type activities was due to the sewer plant expansion, which is being funded by low-interest loans from the Illinois Environmental Protection Agency (IEPA). The City's capital assets, net of depreciation, are as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011
Land	\$ 33,750	\$ 33,750	\$ 1,104,046	\$ 1,104,046	\$ 1,137,796	\$ 1,137,796
Construction in progress	-	-	30,643,290	10,038,958	30,643,290	10,038,958
Buildings and improvements	-	-	2,344,770	2,427,370	2,344,770	2,427,370
Vehicles and equipment	-	-	496,481	603,670	496,481	603,670
Distribution and collection systems	-	-	24,094,288	24,937,066	24,094,288	24,937,066
Total capital assets	\$ 33,750	\$ 33,750	\$ 58,682,875	\$ 39,111,110	\$ 58,716,625	\$ 39,144,860

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of 2012. Fund financial statements record capital asset purchases as expenditures.

Additional information on the City's capital assets can be found in Note 3 on page 33 of this report.

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Management's Discussion and Analysis

For the fiscal year ended April 30, 2012

Long-term Debt

At the end of fiscal year 2012, the City of Belleville had total long-term debt obligations for governmental and business-type activities in the amount of \$98,743,993 compared to \$64,575,636 at the end of fiscal year 2011. During 2012, the City made scheduled debt service payments. General obligation bonds are backed by the full faith and credit of the City.

	Governmental Activities		Business-type Activities		Total	
	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011	April 30, 2012	April 30, 2011
Tax Increment Bonds, Series 2003	\$ 460,000	\$ 680,000	\$ -	\$ -	\$ 460,000	\$ 680,000
G.O. Refunding Bonds Series 2004	-	1,085,453	-	3,564,546	-	4,649,999
Project Bonds, Series 2005	7,365,000	12,680,000	-	-	7,365,000	12,680,000
Special Service Area Bonds, Series 2006	1,120,000	1,170,000	-	-	1,120,000	1,170,000
Tax Increment Refunding Bonds, Series 2007A	15,950,000	15,950,000	-	-	15,950,000	15,950,000
Taxable Business District Bonds, Series 2007B	6,560,000	6,560,000	-	-	6,560,000	6,560,000
G.O. Refunding Bonds, Series 2009	186,334	195,696	2,898,666	3,044,304	3,085,000	3,240,000
G.O. Bonds, Series 2011A	5,000,000	5,000,000	-	-	5,000,000	5,000,000
G.O. Refunding Bonds, Series 2011B	5,636,342	-	3,033,658	-	8,670,000	-
SWIDA Revenue Bonds, Series 2011A	16,150,000	-	-	-	16,150,000	-
SWIDA Revenue Bonds, Series 2011B	1,560,000	-	-	-	1,560,000	-
SWIDA Taxable Revenue, Bonds, Series 2011C	5,700,000	-	-	-	5,700,000	-
Loss on refunding	-	-	(461,180)	(397,658)	(461,180)	(397,658)
Notes Payable	2,200,000	3,405,000	24,717,025	10,730,341	26,917,025	14,135,341
DCEO Flowthrough	398,148	500,000	-	-	398,148	500,000
Capital Leases	270,000	407,954	-	-	270,000	407,954
Total Debt	\$ 68,555,824	\$ 47,634,103	\$ 30,188,169	\$ 16,941,533	\$ 98,743,993	\$ 64,575,636

During fiscal year 2012, the City refinanced the Series 2004 General Obligation Refunding Bonds and a portion of the 2005 Project Bonds. The funds are now due under the Series 2011B General Obligation Refunding Bonds. The City also issued \$23,410,000 of new debt through SWIDA for the tax increment financing project at Carlyle/GreenMount.

Additional information regarding the City's long-term debt can be found in Note 4 on pages 34 through 40 of this report.

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2012

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Belleville, Director of Finance, 101 South Illinois Street, Belleville, IL 62220.

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF NET ASSETS
(BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)
(GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)

APRIL 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 23,142,618	\$ 13,538,413	\$ 36,681,031
Investments	227,261	-	227,261
Receivables (Net of allowance for uncollectible):			
Accounts	-	982,527	982,527
Interest/Other	485,231	-	485,231
Prepaid Expenses	-	70,819	70,819
Inventory	-	115,242	115,242
Internal Balances	-	-	-
Restricted Cash	-	114,510	114,510
Capital Assets:			
Land	33,750	1,104,046	1,137,796
Buildings and Improvements	-	4,837,695	4,837,695
Equipment	-	1,578,574	1,578,574
Vehicles	-	1,013,331	1,013,331
Infrastructure	-	44,181,707	44,181,707
Construction in Progress	-	30,643,290	30,643,290
Accumulated Depreciation	-	(24,675,768)	(24,675,768)
Net Capital Assets	<u>33,750</u>	<u>58,682,875</u>	<u>58,716,625</u>
Deferred Debt Expense	-	78,170	78,170
Total Assets	<u>23,888,860</u>	<u>73,582,556</u>	<u>97,471,416</u>
<u>Liabilities</u>			
Accounts Payable	11,700	5,653,079	5,664,779
Accrued Payroll and Benefits	-	265,511	265,511
Accrued Interest Payable	-	131,744	131,744
Deferred Revenue	-	249,824	249,824
Noncurrent Liabilities:			
Due Within One Year	3,188,712	1,674,605	4,863,317
Due in More Than One Year	65,367,112	28,513,564	93,880,676
Total Liabilities	<u>68,567,524</u>	<u>36,488,327</u>	<u>105,055,851</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	-	30,575,372	30,575,372
Restricted	22,406,325	114,510	22,520,835
Unrestricted	(67,084,989)	6,404,347	(60,680,642)
Total Net Assets	<u>\$ (44,678,664)</u>	<u>\$ 37,094,229</u>	<u>\$ (7,584,435)</u>

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

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
APRIL 30, 2012

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,664,532	\$ 16,534,731	\$ 4,568,497	\$ 22,767,760
Investments	-	-	227,261	227,261
Note Receivable	-	87,083	398,148	485,231
Due From Other Funds	1,152,192	797,198	-	1,949,390
Other Assets	-	-	33,750	33,750
Total Assets	<u>\$ 2,816,724</u>	<u>\$ 17,419,012</u>	<u>\$ 5,227,656</u>	<u>\$ 25,463,392</u>
 <u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to Other Funds	\$ 797,198	\$ -	\$ 170,000	\$ 967,198
Accrued Expenses and Other Liabilities	11,700	-	-	11,700
Total Liabilities	<u>808,898</u>	<u>-</u>	<u>170,000</u>	<u>978,898</u>
 Fund Balances:				
Nonspendable	-	87,083	431,898	518,981
Restricted	-	17,331,929	4,555,415	21,887,344
Committed	-	-	153,358	153,358
Unassigned	2,007,826	-	(83,015)	1,924,811
Total Fund Balances	<u>2,007,826</u>	<u>17,419,012</u>	<u>5,057,656</u>	<u>24,484,494</u>
Total Liabilities and Fund Balances	<u>\$ 2,816,724</u>	<u>\$ 17,419,012</u>	<u>\$ 5,227,656</u>	<u>\$ 25,463,392</u>

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

CITY OF BELLEVILLE, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF ASSETS,
LIABILITIES AND FUND BALANCES ARISING FROM MODIFIED
CASH BASIS TRANSACTIONS TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2012**

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 24,484,494
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(68,555,824)
Internal service funds are included in the statement of net assets in the government wide financial statements as these funds benefit the general government as a whole.	(607,334)
Net assets of governmental activities	<u>\$ (44,678,664)</u>

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

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF REVENUES AND EXPENDITURES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	General Fund	Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Tax	\$ -	\$ 17,575,399	\$ 3,098,933	\$ 20,674,332
Utility Tax	3,142,648	-	-	3,142,648
Intergovernmental	13,769,157	2,931,192	2,712,783	19,413,132
Local Tax	34,737	-	35,512	70,249
Licenses, Permits and Fees	1,501,601	-	-	1,501,601
Charges for Services	3,126,358	-	398,292	3,524,650
Fines and Forfeitures	573,861	-	20,406	594,267
Investment Earnings	2,226	15,287	2,538	20,051
Contributions	18,809	-	17,943	36,752
Reimbursements/Miscellaneous	547,833	94,395	144,753	786,981
Total Revenues	22,717,230	20,616,273	6,431,160	49,764,663
Expenditures:				
Current:				
General Government	3,890,822	-	1,859,897	5,750,719
Public Safety	13,926,975	-	-	13,926,975
Public Works	1,762,003	-	673,009	2,435,012
Sanitation	2,162,142	-	-	2,162,142
Cemetery	242,859	-	-	242,859
Health and Welfare	736,247	-	-	736,247
Development	156,803	29,537,742	-	29,694,545
Cultural and Recreational	731,795	-	1,918,961	2,650,756
Capital Outlay	305,920	5,138,627	864,880	6,309,427
Debt Service:				
Principal	44,677	1,267,638	1,046,852	2,359,167
Interest and Charges	72,199	3,574,292	785,327	4,431,818
Total Expenditures	24,032,442	39,518,299	7,148,926	70,699,667
Excess (Deficiency) of Revenues Over Expenditures	(1,315,212)	(18,902,026)	(717,766)	(20,935,004)
Other Financing Sources (Uses):				
Proceeds from Debt	921,342	23,410,000	4,715,000	29,046,342
Proceeds from Fixed Asset Sales	55,088	-	-	55,088
Payment to Escrow Refunding Agent	(1,104,600)	-	(4,776,495)	(5,881,095)
Transfers In	1,539,906	-	305,467	1,845,373
Transfers Out	(67,312)	(2,545,373)	(300,000)	(2,912,685)
Total Other Financing Sources (Uses)	1,344,424	20,864,627	(56,028)	22,153,023
Net Change in Fund Balances	29,212	1,962,601	(773,794)	1,218,019
Fund Balance, Beginning of Year	1,978,614	15,456,411	5,831,450	23,266,475
Fund Balance, End of Year	\$ 2,007,826	\$ 17,419,012	\$ 5,057,656	\$ 24,484,494

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

CITY OF BELLEVILLE, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES ARISING FROM MODIFIED CASH BASIS
TRANSACTIONS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2012**

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

Net change in fund balances - total governmental funds	\$ 1,218,019
<p>The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of those differences in the treatment of long-term debt and related items.</p>	(20,921,721)
<p>Activity related to the internal service funds are included in the statement of net assets in the government wide financial statements as these funds benefit the general government as a whole.</p>	(107,373)
Change in net assets of governmental activities	<u>\$ (19,811,075)</u>

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

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 APRIL 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewerage	Nonmajor Enterprise	Total	
Assets				
Current Assets:				
Cash	\$ 13,538,213	\$ 200	\$ 13,538,413	\$ 374,858
Receivables (Net, where applicable, of allowances for uncollectible):				
Accounts	688,265	-	688,265	-
Unbilled Revenue	294,262	-	294,262	-
Prepaid Expenses	67,611	3,208	70,819	-
Inventory, at Cost	115,242	-	115,242	-
Restricted Cash	114,510	-	114,510	-
Total Current Assets	14,818,103	3,408	14,821,511	374,858
Noncurrent Assets:				
Capital Assets:				
Land	1,104,046	-	1,104,046	-
Buildings and Improvements	4,649,641	188,054	4,837,695	-
Equipment	987,863	590,711	1,578,574	-
Vehicles	1,013,331	-	1,013,331	-
Distribution System	44,181,707	-	44,181,707	-
Construction in Progress	30,643,290	-	30,643,290	-
Total	82,579,878	778,765	83,358,643	-
Less - Accumulated Depreciation	(23,897,003)	(778,765)	(24,675,768)	-
Net Capital Assets	58,682,875	-	58,682,875	-
Deferred Charges	78,170	-	78,170	-
Total Assets	\$ 73,579,148	\$ 3,408	\$ 73,582,556	\$ 374,858
Liabilities				
Current Liabilities:				
Accrued Payroll and Benefits	\$ 265,511	\$ -	\$ 265,511	\$ -
Accounts Payable	5,653,079	-	5,653,079	-
Accrued Interest	131,744	-	131,744	-
Deferred Revenue	249,824	-	249,824	-
Due to Other Funds	-	-	-	982,192
Total Current Liabilities	6,300,158	-	6,300,158	982,192
Noncurrent Liabilities:				
Due Within One Year	1,674,605	-	1,674,605	-
Due in More Than One Year	28,513,564	-	28,513,564	-
Total Noncurrent Liabilities	30,188,169	-	30,188,169	-
Total Liabilities	36,488,327	-	36,488,327	982,192
Net Assets				
Invested in Capital Assets, Net of Related Debt	30,575,372	-	30,575,372	-
Restricted	114,510	-	114,510	-
Unrestricted	6,400,939	3,408	6,404,347	(607,334)
Total Net Assets	\$ 37,090,821	\$ 3,408	\$ 37,094,229	\$ (607,334)

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

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Sewerage</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
Operating Revenues:				
Charges for Services	\$ 6,601,321	\$ 49,745	\$ 6,651,066	\$ 3,877,744
Operating Expenses:				
Personal Services	2,339,845	51,593	2,391,438	4,374,088
Supplies	118,791	13,218	132,009	-
Contractual Services	2,027,907	23,620	2,051,527	-
Depreciation	1,083,639	4,483	1,088,122	-
Total Operating Expenses	<u>5,570,182</u>	<u>92,914</u>	<u>5,663,096</u>	<u>4,374,088</u>
Operating Income (Loss)	<u>1,031,139</u>	<u>(43,169)</u>	<u>987,970</u>	<u>(496,344)</u>
Nonoperating Revenues (Expenses):				
Amortization	(43,146)	-	(43,146)	-
Proceeds from Fixed Asset Sale	606	-	606	-
Loan Forgiveness	2,500,000	-	2,500,000	-
Property Tax	-	-	-	388,562
Investment Earnings	12,426	3	12,429	409
Interest and Fiscal Charges	<u>(233,940)</u>	<u>-</u>	<u>(233,940)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>2,235,946</u>	<u>3</u>	<u>2,235,949</u>	<u>388,971</u>
Income (Loss) Before Transfers	3,267,085	(43,166)	3,223,919	(107,373)
Transfers In	<u>1,000,000</u>	<u>67,312</u>	<u>1,067,312</u>	<u>-</u>
Change in Net Assets	4,267,085	24,146	4,291,231	(107,373)
Net Assets - Beginning of Year	<u>32,823,736</u>	<u>(20,738)</u>	<u>32,802,998</u>	<u>(499,961)</u>
Net Assets - End of Year	<u>\$ 37,090,821</u>	<u>\$ 3,408</u>	<u>\$ 37,094,229</u>	<u>\$ (607,334)</u>

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

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2012

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewerage	Nonmajor Enterprise	Total	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 6,646,498	\$ 49,745	\$ 6,696,243	\$ 3,877,744
Payments to Suppliers	(2,717,993)	(41,973)	(2,759,966)	(4,374,088)
Payments to Employees	(1,714,869)	(46,473)	(1,761,342)	-
Net Cash Provided (Used) by Operating Activities	<u>2,213,636</u>	<u>(38,701)</u>	<u>2,174,935</u>	<u>(496,344)</u>
Cash Flows from Noncapital Financing Activities:				
Property Tax	-	-	-	388,562
Payments from (to) Other Funds	1,000,000	38,494	1,038,494	(1,065)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,000,000</u>	<u>38,494</u>	<u>1,038,494</u>	<u>387,497</u>
Cash Flows from Capital and Related Financing Activities:				
Principal Payments on Long-Term Debt	(915,936)	-	(915,936)	-
Proceeds from Long-Term Debt	16,655,840	-	16,655,840	-
Interest Paid on Debt	(219,245)	-	(219,245)	-
Sale of Fixed Assets	606	-	606	-
Cash Payments for Capital Assets	(17,603,837)	-	(17,603,837)	-
Net Cash Provided (Used) by Capital Related Financing Activities	<u>(2,082,572)</u>	<u>-</u>	<u>(2,082,572)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest Received	12,426	3	12,429	409
Net Cash Provided by Investing Activities	<u>12,426</u>	<u>3</u>	<u>12,429</u>	<u>409</u>
Net Change in Cash and Cash Equivalents	1,143,490	(204)	1,143,286	(108,438)
Cash and Cash Equivalents, Beginning of Year	12,509,233	404	12,509,637	483,296
Cash and Cash Equivalents, End of Year	\$ 13,652,723	\$ 200	\$ 13,652,923	\$ 374,858
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 1,031,139	\$ (43,169)	\$ 987,970	\$ (496,344)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation	1,083,639	4,483	1,088,122	-
(Increase) Decrease in Assets:				
Accounts Receivable	40,826	-	40,826	-
Unbilled Revenue	(12,883)	-	(12,883)	-
Inventory	(17,400)	-	(17,400)	-
Prepaid Expenses	(543)	(15)	(558)	-
Increase (Decrease) in Liabilities:				
Accrued Payroll and Benefits	48,642	-	48,642	-
Accounts Payable	22,982	-	22,982	-
Deferred Fees	17,234	-	17,234	-
Net Cash Provided by Operating Activities	<u>\$ 2,213,636</u>	<u>\$ (38,701)</u>	<u>\$ 2,174,935</u>	<u>\$ (496,344)</u>
Reconciliation of Total Cash and Cash Equivalents				
Current Assets	13,538,213	200	13,538,413	374,858
Restricted Assets	114,510	-	114,510	-
Total Cash and Cash Equivalents	<u>13,652,723</u>	<u>200</u>	<u>13,652,923</u>	<u>374,858</u>

The City received a loan forgiveness for an IEPA sewer construction loan in the amount of \$2,500,000.

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
APRIL 30, 2012

Assets:	
Cash and Cash Equivalents	\$ 3,358,154
Investments, at Market	42,137,653
Receivables:	
Taxes Receivable	4,085,084
Interest Receivable	182,691
Total Assets	<u>49,763,582</u>
Liabilities	<u>-</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 49,763,582</u>

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

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

Additions:

Contributions:

Employee Contributions	\$ 880,320
Employer Contributions:	
Property Taxes	4,161,930
Personal Property Replacement Taxes	149,737
Total Contributions	<u>5,191,987</u>

Investment Income:

Interest and Dividend Income	1,108,517
Gain on Sales of Securities	(519,418)
Net Appreciation in Fair Market Value of Investments	<u>248,330</u>
	837,429
Less Investment Expense	<u>(110,838)</u>
Total Investment Income	<u>726,591</u>
Total Additions	<u>5,918,578</u>

Deductions:

Benefits Paid to Participants:

Service and Disability	4,457,959
Dependents	757,529
Refund of Contributions	35,094
Professional Fees	34,152
Other	<u>20,922</u>
Total Deductions	<u>5,305,656</u>

Net Increase 612,922

Net Assets Held in Trust for Pension Benefits:

Beginning of Year	49,150,660
End of Year	<u>49,763,582</u>

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

CITY OF BELLEVILLE, ILLINOIS

NOTE TO FINANCIAL STATEMENTS APRIL 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Belleville, Illinois (City) was incorporated on March 30, 1850, under the provisions of the State of Illinois. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, recreation, public improvements, planning and development and general administrative services. Other services include sewer utilities and motor vehicle parking facilities.

(a) Reporting entity

The City defines its reporting entity in accordance with Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The criteria used in determining the scope of the entity for financial reporting purposes includes, but is not limited to, the method of budget adoption, taxing authority, whether debt is secured by revenues or general obligations of the City, the obligation of the City to finance any deficits that may occur and supervision over the accounting functions.

Component units are organizations for which the City, as the primary government, is financially accountable. To be considered financially accountable, the organization must be fiscally dependent on the City or the City must appoint a majority of the board of the organization and either (1) be able to impose its will on the organization or (2) the relationship must have the potential for creating a financial benefit to or imposing a financial burden on the City.

Based on the foregoing, the City's financial statements include all funds, agencies, boards, commissions and authorities that are controlled by or dependent on the City.

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The proprietary fund and pension fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Accordingly, receipts are recorded when cash is received and disbursements are recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. Property taxes are recognized as revenues in the year for which they are received.

The Government-wide financial statements are reported on the basis of accounting as used by the individual funds in the fund financial statements.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The tax increment financing fund accounts for all activity related to the various tax increment financing districts of the City.

The City reports the following major proprietary fund:

The sewer fund accounts for all activities related to the billing, administration and collection processes of the sewer utilities. The City operates the sewage treatment plant, sewage pumping stations and collection systems.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 revenues of the City's enterprise funds are 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 enterprise funds include 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 BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(d) Assets, liabilities and net assets or equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less.

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. Investment income is recognized as earned.

The pension funds are authorized to invest in all the same obligations of the City as well as stock and mutual funds to a limited percentage. Investment income is recognized as earned.

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts in the enterprise funds at April 30, 2012 is \$93,331.

Unbilled sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

Capital assets

Capital assets, which include property, plant and equipment, are reported in the business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Type of Property And Equipment	Estimated Useful Lives
Buildings and Improvements	8 - 50 Years
Collection Systems	10 - 50 Years
Vehicles and Equipment	4 - 10 Years

The City does not record the fixed assets of the governmental activities and therefore does not include these amounts in the statement of net assets. Depreciation expense of the governmental activities fixed assets is also not calculated or reported.

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 assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the effective interest method.

In the fund financial statements, governmental fund types recognize debt premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts related to debt issuances are reported as other financing sources and uses. Issuance costs are reported as debt service expenditures.

Fund equity

In the fund financial statements, the City classifies the governmental fund balances based upon the following criteria:

Nonspendable -- includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Restricted – balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed – balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

Assigned – balances that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – the residual classification of the General Fund balance.

The following details the description and amount of all constraints recorded by the City in the fund financial statements:

Governmental Funds

Nonspendable:

Land	\$ 33,750
Notes Receivable	485,231
	<u>\$ 518,981</u>

Restricted:

Property Tax Restrictions	\$ 3,136,664
TIF Balances	18,077,128
Cemetery Care	240,358
Motor Fuel Tax	429,802
Restricted Donations	3,392
	<u>\$ 21,887,344</u>

Committed:

Special Revenue Funds	<u>\$ 153,358</u>
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Fiduciary Funds

Reserved for Employees' Pension Benefits	<u>\$ 49,763,582</u>
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CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(e) Estimates

The City uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

(f) Risk management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

(g) Budget and budgetary accounting

The City's procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

1. Prior to April 1, the Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed disbursements and related financing methods.
2. Prior to May 1, the budget is legally enacted through passage of an ordinance.
3. The Finance Officer is authorized to transfer budgeted amounts between line items within an object level of a department; however, any revisions that alter the total expenditure of any object level within a department must be approved by the City Council.
4. Budgets for all funds are adopted on the cash basis.
5. Unused appropriations for all the above annually budgeted funds lapse at year end.
6. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

(h) Inventory

Inventory is stated at the lower of cost or market. Cost is determined primarily by the first-in, first-out method.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(i) Compensated absences

City employees earn vacation during the current year which must be taken in the subsequent year. For the proprietary funds, accrued vacation time is recognized as a liability when earned and any unused accumulated vacation is payable to employees upon termination. Accrued vacation is recorded in the respective proprietary fund type from which it will be paid. Unused sick leave benefits are paid to terminating employees at a rate of \$1.00 to \$2.00 per hour for the first 1,000 hours and \$3.00 to \$4.00 per hour in excess of 1,000 hours and are accrued accordingly. Retiring employees can elect to have up to 1,920 unused sick pay hours transferred to their pension, which will be paid out at the calculated pension rate.

NOTE 2: CASH AND INVESTMENTS

At April 30, 2012, the carrying amount of the City's deposits was \$31,177,709 and the bank balance was \$32,039,392. The deposits were comprised of interest checking, savings, federal government obligation funds and certificates of deposit. The City also maintains cash on hand of \$3,559.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name. As of April 30, 2012, all of the City's bank balance was either FDIC insured or collateralized. These amounts are reported in the financial statements as follows:

Deposits from Above	\$ 31,177,709
Petty Cash	3,559
Restricted Escrow Deposit	114,510
Federal MM Fund	5,676,201
The Illinois Funds	<u>50,823</u>
	<u>\$ 37,022,802</u>
 <u>As Reported in the Financial Statements</u>	
Cash and Cash Equivalents	\$ 36,681,031
Investments	227,261
Restricted Cash	<u>114,510</u>
	<u>\$ 37,022,802</u>

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Fire Pension

At April 30, 2012, the carrying amount and the bank balance of the Fire Pension Fund's deposits was \$1,322,562. The deposits were comprised of an interest checking account and a money market account.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Fire Pension Fund's deposits may not be returned to it. The Fire Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Fire Pension's name.

As of April 30, 2012, the Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Commercial Paper	5.09	\$ 2,581,527
Federal National Mortgage Association	7.13	1,992,042
U.S. Treasury Notes	4.12	4,792,377
Mutual Funds	--	1,485,737
Common Stock	--	<u>6,143,131</u>
		16,994,814
Deposits as reported above		<u>1,322,562</u>
Total deposits and investments		<u>\$ 18,317,376</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 1,322,562
Investments		<u>16,994,814</u>
		<u>\$ 18,317,376</u>

Interest Rate Risk. The Fire Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2012, the Fire Pension Fund's investment credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal National Mortgage Association	AAA	Aaa

Concentration of Credit Risk. As of April 30, 2012, the Fire Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2012, the Fire Pension Fund did not have foreign currency risk.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Police Pension

At April 30, 2012, the carrying amount and bank balance of the Police Pension Fund's deposits was \$1,266,681. The deposits were comprised of checking accounts, certificates of deposit and money market accounts.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Police Pension Fund's name.

As of April 30, 2012, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds	Daily	\$ 1,180,723
U.S. Treasury Notes	2.81	1,570,820
U.S. Treasury Strips	8.72	596,710
Commercial Paper	3.17	3,998,363
Government National Mortgage Association	27.01	1,233,976
Municipal Bonds	2.02	4,705,648
Federal Home Loan Mortgage Corporation	27.19	856,782
Mutual Funds	--	<u>11,768,728</u>
		25,911,750
Deposits as reported above		<u>1,266,681</u>
Total deposits and investments		<u>\$ 27,178,431</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 2,035,592
Investments		<u>25,142,839</u>
		<u>\$ 27,178,431</u>

Interest Rate Risk. The Police Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2012, the Police Pension Fund's investment credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal Home Loan Mortgage Corporation	AAA	Aaa
Federal National Mortgage Association	AAA	Aaa

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Concentration of Credit Risk. As of April 30, 2012, the Police Pension Fund's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Illinois State Municipal Bonds	17.31%

Foreign Currency Risk. As of April 30, 2012, the Police Pension Fund has no foreign currency risk

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

The following summarizes property, plant and equipment, and related depreciation, held by the enterprise funds at April 30, 2012:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Construction in Progress	\$ 10,038,958	\$ 20,604,332	\$ -	\$ 30,643,290
Land	1,104,046	-	-	1,104,046
Total not being depreciated	<u>11,143,004</u>	<u>20,604,332</u>	<u>-</u>	<u>31,747,336</u>
<u>Capital assets, being depreciated:</u>				
Buildings and improvements	\$ 4,787,695	\$ 50,000	\$ -	\$ 4,837,695
Distribution and collection systems	44,181,707	-	-	44,181,707
Vehicles and equipment	2,586,350	5,555	-	2,591,905
Total capital assets, being depreciated	<u>51,555,752</u>	<u>55,555</u>	<u>-</u>	<u>51,611,307</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	2,360,325	132,600	-	2,492,925
Distribution and collection systems	19,244,641	842,778	-	20,087,419
Vehicles and equipment	1,982,680	112,744	-	2,095,424
Total accumulated depreciation	<u>23,587,646</u>	<u>1,088,122</u>	<u>-</u>	<u>24,675,768</u>
Capital assets, net	<u>27,968,106</u>	<u>(1,032,567)</u>	<u>-</u>	<u>26,935,539</u>
Capital assets, total	<u>\$ 39,111,110</u>	<u>\$ 19,571,765</u>	<u>\$ -</u>	<u>\$ 58,682,875</u>

Depreciation expense charged to enterprise operations for the year ended April 30, 2012 was as follows:

Sewerage	\$ 1,083,639
Swimming Pool	<u>4,483</u>
Total Enterprise Fund Depreciation	<u>\$ 1,088,122</u>

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: LONG-TERM DEBT

The following is a summary of long-term debt of the City for the year ended April 30, 2012:

Governmental Activities

General Obligation Bonds

\$2,070,000 Sales Tax Increment Financing District Bonds, dated September 1, 2003, interest ranging from 3.80% to 4.00% payable June 1 and December 1, with principal payments on December 1 through 2013.	\$ 460,000
\$14,450,000 2005 Project Bonds, dated December 1, 2005, interest ranging from 3.75% to 4.40%, payable January 1 and July 1, with principal payments on January 1 through 2026. These bonds were partially refunded by the Series 2011B Bonds.	7,365,000
\$1,350,000 2006 Special Service Area Bonds, dated December 1, 2006, interest ranging from 3.90% to 4.40%, payable January 1 and July 1, with principal payments on January 1 through 2027.	1,120,000
\$16,350,000 2007A Tax Increment Refunding Revenue Bonds, dated September 28, 2007, interest ranging from 5.00% to 5.70%, interest and principal payable May 1 and November 1, through 2024.	15,950,000
\$6,565,000 2007B Taxable Business District Revenue Bonds, dated September 28, 2007, interest at 7.875%, interest and principal payable May 1 and November 1, through 2021.	6,560,000
\$204,454 2009 General Obligation Refunding Bonds, dated December 1, 2009, interest ranging from 1.40% to 4.35% payable January 1 and July 1, with principal payments on January 1 through 2028. These bonds were issued to refund Series 2003 Bonds.	186,334
\$5,000,000 2011A General Obligation Bonds, dated February 7, 2011, interest ranging from 5.00% to 5.25% payable January 1 and July 1, with principal payments on January 1 through 2031.	5,000,000

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

\$5,636,342 2011B General Obligation Refunding Bonds, dated November 17, 2011, interest ranging from 2.00% to 2.75% payable January 1 and July 1, with principal payments on January 1 through 2019. These bonds were issued to refund the entire Series 2004 General Bonds and a portion of the Series 2005 Project Bonds. 5,636,342

\$16,150,000 SWIDA 2011A Local Government Program Revenue Bonds, dated October 27, 2011, interest ranging from 6.00% to 7.00%, interest and principal payable January 1 and July 1, through 2027. 16,150,000

\$1,560,000 SWIDA 2011B Local Government Program Revenue Bonds, dated October 27, 2011, interest of 8.75%. interest and principal payable January 1 and July 1, through 2026. 1,560,000

\$5,700,000 SWIDA 2011C Taxable Local Government Program Revenue Bonds, dated October 27, 2011, interest ranging from 7.125% to 9.250%, interest and principal payable January 1 and July 1, through 2022. 5,700,000

The annual requirement to retire governmental activities bonds outstanding as of April 30, 2012 is as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 2,447,302	\$ 3,866,828	\$ 6,314,130
2014	3,038,733	3,454,582	6,493,315
2015	3,079,113	3,389,091	6,468,204
2016	3,343,796	3,318,424	6,662,220
2017	3,591,020	3,230,403	6,821,423
2018 - 2022	23,918,662	12,149,006	36,067,668
2023 - 2027	22,158,950	4,664,220	26,823,170
2028 - 2031	4,110,100	539,307	4,649,407
	<u>\$ 65,687,676</u>	<u>\$ 34,611,861</u>	<u>\$ 100,299,537</u>

Notes Payable

\$5,000,000 note payable to Bank of America dated September 12, 2008, for a New Fire House, variable interest of 63.169% of 30-day LIBOR plus 75.6 basis points, interest payments due semi-annually and principal payment due August 1, 2013. 1,800,000

\$800,000 note payable to Calhoun Construction Management dated November 3, 2009, for the Bicentennial Park, zero percent interest, payments due yearly on November 1, through 2013. 400,000

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual requirement to retire governmental activities notes outstanding as of April 30, 2012 is as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	200,000	31,378	231,378
2014	<u>2,000,000</u>	<u>15,689</u>	<u>2,015,689</u>
	<u>\$ 2,200,000</u>	<u>\$ 47,067</u>	<u>\$ 2,247,067</u>

DCEO Flowthrough

\$500,000 note payable, Illinois Department of Commerce and Economic Opportunity, dated October 21, 2010, for Wagner Motor Car Company, interest at 5% with payments due monthly through November 2015. A balloon payment was made prior to June 2012, and Illinois Department of Commerce and Economic Opportunity authorized a forgiveness of principal of the remaining \$250,000 of principal. \$ 398,148

The annual requirement to retire the governmental activities DCEO Flowthrough outstanding as of April 30, 2012 is as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 398,148	\$ 3,333	\$ 401,481
	<u>\$ 398,148</u>	<u>\$ 3,333</u>	<u>\$ 401,481</u>

Capital Leases

\$180,000 capital lease, Emergency One, Inc., dated May 2, 2003, for pumper fire apparatus and chassis, secured by the equipment, bears interest at 4.69%; annual principal and interest payments of \$23,344 are due through May 2013. 43,598

\$35,427 capital lease, Fleetwood Financial, dated June 25, 2008, for 2 monitoring systems, bears interest at 9.633%; annual principal and interest payments of \$8,783 are due through October 2012. 8,012

\$255,060 capital lease, Commerce Bank, N.A., dated March 4, 2011, for 2 garbage trucks, bears interest at 3.25%; semi-annual principal and interest payments of \$44,241 are due through September 2013. 128,524

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

\$147,404 capital lease, Commerce Bank, N.A., dated August 11, 2010, for police video systems, bears interest at 3.37%; semi-annual principal and interest payments of \$15,873 are due through February 2015. 89,866

The City is obligated under leases considered to be equivalent to an installment purchase. Future minimum lease payments under the capital leases as of April 30, 2012 are as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 143,262	\$ 9,095	\$ 152,357
2014	95,776	3,556	99,332
2015	<u>30,962</u>	<u>785</u>	<u>31,747</u>
	<u>\$ 270,000</u>	<u>\$ 13,436</u>	<u>\$ 283,436</u>

Proprietary Fund Debt

General Obligation Bonds

\$3,180,546 2009 General Obligation Refunding Bonds, dated December 1, 2009, interest ranging from 1.40% to 4.35% payable January 1 and July 1, with principal payments on January 1 through 2028. 2,898,666

\$3,033,658 2011B General Obligation Refunding Bonds, dated November 17, 2011, interest ranging from 2.00% to 2.75% payable January 1 and July 1, with principal payments on January 1 through 2019. These bonds were issued to refund the Series 2004 General Bonds. 3,033,658

The annual requirement to retire business-type bonds outstanding as of April 30, 2012 is as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 722,698	\$ 175,286	\$ 897,984
2014	736,267	152,029	888,296
2015	755,887	135,831	891,718
2016	781,204	119,013	900,217
2017	793,980	102,464	896,444
2018-2022	859,734	361,306	1,221,040
2023-2027	1,047,654	184,764	1,232,418
2028-2029	<u>234,900</u>	<u>10,218</u>	<u>245,118</u>
	<u>\$ 5,932,324</u>	<u>\$ 1,240,911</u>	<u>\$ 7,173,235</u>

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Notes Payable

\$646,129 note payable to Illinois Environmental Protection Agency for construction of Belle Valley sewer interceptor, bears interest at 2.815%, semi-annual principal and interest payments of \$21,886 are due through October 2015.	\$ 144,931
\$154,760 note payable to Illinois Environmental Protection Agency for construction of Engelman sewer interceptor, bears interest at 3.58%, final principal and interest payment of \$5,533 is due on July 2012.	5,436
\$1,231,194 note payable to Illinois Environmental Protection Agency for construction of the sewer plant facility, bears interest at 2.89%, semi-annual principal and interest payments of \$41,517 are due through April 2017.	379,263
\$403,660 note payable to Illinois Environmental Protection Agency for construction of a lift station, bears interest at 2.89%, semi-annual principal and interest payments of \$13,612 are due through May 2017.	137,522
\$346,259 note payable to Illinois Environmental Protection Agency for construction of a swirl concentrator on the combined sewer overflow at the 88th Street lift station, bearing interest at a rate of 2.625%, semi-annual principal and interest payments of \$11,401 are due through April 2019.	144,939
\$144,490 note payable to Illinois Environmental Protection Agency for the sewer system lining, bearing interest at the rate of 2.625%, semi-annual principal and interest payments of \$4,757 are due through November 2018.	60,482
\$17,682,292 note payable to Illinois Environmental Protection Agency for the long-term control plan, bearing interest at the rate of 1.25%, semi-annual principal and interest payments of \$500,987 are due through January 2032.	17,682,292

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

\$20,000,000 note payable to Illinois Environmental Protection Agency for the long-term control plan, bearing interest at the rate of 1.25%, semi-annual principal and interest payments are due through March 2033. Repayment has not begun as the IEPA has not distributed the full loan amount. Interest is being accrued until repayment begins.

6,162,160

The annual requirement to retire business-type activities notes outstanding as of April 30, 2012 is as follows:

Year Ending April 30,	Principal	Interest	Totals
2013	\$ 951,907	\$ 241,948	\$ 1,193,855
2014	1,151,444	391,117	1,542,561
2015	1,255,888	286,673	1,542,561
2016	1,252,319	268,356	1,520,675
2017	1,243,047	250,277	1,493,324
2018-2022	5,842,159	1,017,156	6,859,315
2023-2027	6,137,217	643,854	6,781,071
2028-2032	6,532,116	248,955	6,781,071
2033	<u>350,928</u>	<u>3,313</u>	<u>354,241</u>
	<u>\$ 24,717,025</u>	<u>\$ 3,351,649</u>	<u>\$ 28,068,674</u>

The overall debt activity of the City for the year ended April 30, 2012 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$ 43,321,149	\$ 29,046,342	\$ 6,679,815	\$ 65,687,676	\$ 2,447,302
Note Payable	3,405,000	-	1,205,000	2,200,000	200,000
DCEO Flowthrough	500,000	-	101,852	398,148	398,148
Leases Payable	<u>407,954</u>	-	<u>137,954</u>	<u>270,000</u>	<u>143,262</u>
	<u>\$ 47,634,103</u>	<u>\$ 29,046,342</u>	<u>\$ 8,124,621</u>	<u>\$ 68,555,824</u>	<u>\$ 3,188,712</u>
<u>Business-type Activities:</u>					
Bonds Payable	\$ 6,608,850	\$ 3,033,658	\$ 3,710,184	\$ 5,932,324	\$ 722,698
Loss on Refunding	(397,658)	(339,741)	(276,219)	(461,180)	-
Notes Payable	<u>10,730,341</u>	<u>14,155,839</u>	<u>169,155</u>	<u>24,717,025</u>	<u>951,907</u>
	<u>\$ 16,941,533</u>	<u>\$ 16,849,756</u>	<u>\$ 3,603,120</u>	<u>\$ 30,188,169</u>	<u>\$ 1,674,605</u>

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On November 17, 2011, the City issued \$8,670,000 in 2011B General Obligation Refunding Bonds with interest rates of 2.00% to 2.75% to advance refund \$4,650,000 of outstanding 2004 General Obligation Bonds with interest rates of 3.25% to 3.85% and \$4,680,000 of outstanding 2005 General Obligation Bonds with interest rates of 3.75% to 4.125%. The net proceeds of \$8,669,925 (which includes a premium of \$66,299 and payments of \$66,374 for the issuance costs and underwriting fees), in addition to a City contribution of \$882,409, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments on the 2004 and 2005 General Obligation Bonds. The 2004 and 2005 Bonds were called on January 1, 2012.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$177,408. The City completed the advance refunding to reduce its total debt service payments by \$467,966 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$432,616.

NOTE 5: PENSION AND RETIREMENT PLANS

Illinois Municipal Retirement Fund

Plan Description. The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 was 9.92 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2011 was 11.88 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual Pension Cost. For calendar year ending December 31, 2011, the City's actual contributions for pension cost for the regular were \$819,767. Its required contribution for calendar year 2011 was \$981,737. Due to the poor investment return in prior years, IMRF initiated an optional phase in rate that is less than the minimum required rate. The City opted to use the phase in rate for calendar year 2011.

Three-Year Trend Information for IMRF

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$ 981,737	84%	\$ 161,970
12/31/10	1,007,023	78%	218,538
12/31/09	687,488	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was 74.37 percent funded. The actuarial accrued liability for benefits was \$25,232,428 and the actuarial value of assets was \$18,766,244, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,466,184. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$8,263,777 and the ratio of the UAAL to the covered payroll was 78 percent.

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

Police Pension Fund

Plan Description

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. A police officer age 50 or more who has at least 20 years of creditable service, and is no longer in service, shall receive a monthly pension of $\frac{1}{2}$ of the salary attached to the rank held by the officer on the police force for one year immediately prior to retirement or, beginning July 1, 1987 for persons terminating service on or after that date, the salary attached to the rank held on the last day of service or for one year period 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 30 years, to a maximum of 75% of such salary. Beginning January 1, 2001, the minimum retirement pension for a police officer having at least 20 years of creditable service shall be \$1,000 per month, without regard to whether or not retirement occurred prior to that date.

A police officer mandatorily retired from service due to age by operation of law, having at least 8 but less than 20 years of creditable service, shall receive a pension equal to 2.5% for each year of creditable service of the salary attached to the rank held on the police force for one year immediately prior to retirement or, beginning July 1, 1987 for persons terminating service on or after that date, 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.

A police officer who retires or is separated from service having at least 8 years but less than 20 years of creditable service, who is not mandatorily retired due to age by operation of law, and who does not apply for a refund of contributions on their last separation from police service, shall receive a pension upon attaining age 60 equal to 2.5% for each year of creditable service of the salary attached to the rank held by the police officer on the police force for one year immediately prior to retirement or, beginning July 1, 1987 for persons terminating service on or after that date, 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 monthly pension of a police officer who retires on disability or is retired for disability shall be increased in January of the year following the year of attaining age 60 by 3% of the original grant of pension for each year the officer received pension payments. In each January thereafter, the police

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

officer shall receive an additional increase of 3% of the original pension. The monthly pension of a police officer who retired shall be increased by 3% of the currently granted pension in January of each year thereafter.

Beginning January 1, 2011, several changes were implemented for all new officers. These changes include:

- An officer age 55 or more must now have 10 years of creditable service to receive a monthly pension of 2.50 percent for each year of service
- An officer retiring at age 50 shall have their pension reduced by 1% for each month under the age of 55.
- The maximum salary for calculation of benefits shall not exceed \$106,800, to be adjusted for inflation.
- Pension payment increases shall be limited based on inflationary rates.
- Changes required funding date to 2040 and provides for required measures by the State Comptroller to ensure the municipalities are providing the required funding.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing: City of Belleville, 101 South Illinois Street, Belleville, Illinois 62220.

Funding Policy

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 as actuarially determined by an enrolled actuary. The Entry Age Normal Cost actuarial funding method is used to determine contribution.

Annual Pension Cost

Employer and employee contributions of \$2,203,025 and \$492,674 were made to the Plan during the year ended April 30, 2012. The contributions are typically based upon the Illinois Department of Insurance Annual Actuarial Tax Levy or an independent actuarial valuation obtained by the City. The latest actuarial valuation was performed at April 30, 2011 and was used for the contribution for the year ended April 30, 2012.

Firemen's Pension Fund

Plan Description

Fire sworn personnel are covered by the Firemen's Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits, as well as the employee and employer contributions levels, are mandated by Illinois Compiled Statutes (40 ILCS 5/4) and may be amended only by the Illinois legislature.

The Firemen's Pension Plan provides retirement benefits as well as death and disability benefits. A firefighter age 50 or more who has at least 20 years of creditable service, and is no longer in service as a firefighter, shall receive a monthly pension of $\frac{1}{2}$ the monthly salary attached to the rank held by him or her in the fire service at the date of retirement.

The monthly pension shall be increased by $\frac{1}{12}$ 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 monthly salary.

A firefighter who retires or is separated from service having at least 10 but less than 20 years of creditable service, who is not entitled to receive a disability pension and who did not apply for a refund of contributions at his or her last separation from service, shall receive a reduced retirement benefit.

The monthly pension of a firefighter who is receiving a disability pension under this Article shall be increased, in January of the year following the year the firefighter attains age 60, by 3% of the originally granted monthly pension for each year he or she received pension payments. In each January thereafter, the firefighter shall receive an additional increase of 3% of the original monthly pension.

The monthly pension of a firefighter who retires after January 1, 1986, shall upon either the first of the month following the first anniversary of the date of retirement if 55 years of age or over at retirement date, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement, be increased by 3% of the originally granted monthly pension for each full year that has elapsed since the pension began, and by an additional 3% in each January thereafter.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Beginning January 1, 2011, several changes were implemented for all new firefighters. These changes include:

- A firefighter must now be age 55 or more and have 10 or more years of creditable service to receive a monthly pension of 2.50 percent for each year of service.
- A firefighter retiring at age 50 shall have their pension reduced by 1/2 of 1% for each month under the age of 55.
- The maximum salary for calculation of benefits shall not exceed \$106,800, to be adjusted for inflation.
- Pension payment increases shall be limited based on inflationary rates and will not occur until the latter of age 60 or the first anniversary of the pension start date.
- Changes required funding date to 2040 and provides for required measures by the State Comptroller to ensure the municipalities are providing the required funding.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing: City of Belleville, 101 South Illinois Street, Belleville, Illinois 62220.

Funding Policy

Covered employees are required to contribute 9.455% of their salary to the Firemen's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City is required to contribute the remaining amounts (not less than 8.045%) necessary to finance the plan as actuarially determined by an enrolled actuary. The Entry Age Normal Cost actuarial funding method is used to determine contributions.

Annual Pension Cost

Employer and employee contributions of \$2,108,642 and \$387,646 were made to the Plan during the year ended April 30, 2012. The contributions are typically based upon the Illinois Department of Insurance Annual Actuarial Tax Levy or an independent actuarial valuation obtained by the City. The latest actuarial valuation was performed at April 30, 2011 and was used for the contribution for the year ended April 30, 2012.

NOTE 6: SELF INSURANCE

On May 1, 2007, the City adopted a self-insured group health insurance program, which is administered by a service agent. The Insurance Fund is responsible for collecting interfund premiums for covered employees and retirees, paying benefit claims and administrative expenses, and purchasing certain insurance policies. Medical claims exceeding a Specific Stop Loss or a maximum annual aggregate deductible are covered through a private insurance carrier. Fund revenues are received as contribution premiums from other funds and are planned to match the total of expenses of insurance premiums for coverage obtained, claims resulting from the self-insurance program and administrative expenses.

NOTE 7: REDEVELOPMENT AGREEMENTS

The City entered into two redevelopment agreements to develop areas within tax increment financing boundaries. The City and the developers entered into agreements by which the developer would incur reimbursable costs which would be submitted for payment through Tax Increment Finance Notes. The debt would then be retired with tax revenues generated from the increase in values of the developed properties. The notes are payable solely from the new revenues and do not constitute a debt of the City.

The City made payments to reduce the principal amount of the Tax Increment Financing notes for the Reunion Development Project agreement by \$471,944 during the year ended April 30, 2012. These payments are being reported as development expense in the financial statements. The note balances related to this project in the amounts of \$6,952,705, \$6,952,705, \$2,365,759, and \$2,365,759 are still outstanding and not reflected in the debt of the City as of April 30, 2012.

The City also entered into a redevelopment agreement to develop areas within the Parkway North Business District. The City and the developer entered into an agreement by which the developer would incur reimbursable costs which would be submitted for payment through Temporary Notes. The debt would be retired with tax revenues generated from sales tax revenues and business district tax revenues in the project area. The Temporary Notes are payable solely from the new revenues and are not reflected in the long-term debt of the City. Principal reductions during the year ending April 30, 2012 amounted to \$62,305 and were reported as development expense. The balance of the Temporary Notes as of April 30, 2012 is \$1,124,214.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8: RECEIVABLES

Accounts receivable for the City, as reported in the statement of net assets, including the applicable allowances for uncollectible accounts, are as follows as of April 30, 2012:

	<u>General</u>	<u>Other Major Funds</u>	<u>Enterprise Funds</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Unbilled Revenue	\$ -	\$ -	\$ 294,262	\$ -	\$ 294,262
Notes	-	87,083	-	398,148	485,231
Accounts	-	-	781,596	-	781,596
Gross Receivables	-	87,083	1,075,858	398,148	1,561,089
Less: Allowance for uncollectible	-	-	93,331	-	93,331
Net Total Receivables	<u>\$ -</u>	<u>\$ 87,083</u>	<u>\$ 982,527</u>	<u>\$ 398,148</u>	<u>\$ 1,467,758</u>

NOTE 9: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended April 30, 2012:

General Fund Transfer From (To):	
Motor Fuel Tax Fund	\$ 300,000
Tax Increment Financing Fund	1,239,906
Swimming Pool Fund	(67,312)
Tax Increment Financing Fund Transfer (To):	
General Fund	(1,239,906)
Sewerage Fund	(1,000,000)
TIF Debt Service Fund	(263,800)
Parks Project Fund	(41,667)
TIF Debt Service Fund Transfer From:	
Tax Increment Financing Fund	263,800
Parks Project Fund Transfer From:	
Tax Increment Financing Fund	41,667
Motor Fuel Tax Fund Transfer (To):	
General Fund	(300,000)
Swimming Pool Transfer From:	
General Fund	67,312
Sewerage Fund Transfer From:	
Tax Increment Financing Fund	1,000,000
	<u>\$ -</u>

The City makes transfers between funds to reimburse expenses paid from one fund that are related to or allocable to another fund.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

The following is a schedule of interfund receivables and payables for the year ending April 30, 2012.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,152,192	\$ 797,198
Illinois Municipal Retirement Fund	-	170,000
Insurance Fund	-	982,192
Tax Increment Financing Fund	<u>797,198</u>	<u>-</u>
Totals	<u>\$ 1,949,390</u>	<u>\$ 1,949,390</u>

NOTE 11: POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The City maintains a single-employer defined benefit healthcare plan available for retirees. The City provides pre and post Medicare post-retirement healthcare benefits to all retirees who worked for the City, were enrolled in one of the City's healthcare plans at the time of employment and receive a pension from the City through IMRF, the Police Pension Fund or the Firefighter's Pension Fund. The various eligibility requirements vary with the type of retirement plan the employee was associated with. The City does not issue a separate report related to post-retirement healthcare benefits.

Funding Policy. The contribution requirements are as determine by the contracts with City employees and are funded as a pay-as-you-go basis.

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

Annual required contribution	\$ 1,052,625
Interest on OPEB obligation	40,917
Adjustment to ARC	<u>(34,172)</u>
Annual OPEB cost	1,059,370
Contributions made	<u>(427,884)</u>
Increase in OPEB	631,486
Net OPEB – Beg of Year	<u>818,360</u>
Net OPEB – End of Year	<u>\$ 1,449,846</u>

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The City's annual OPEB costs, the percentages of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 are as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
04/30/12	\$1,059,370	40.39%	\$1,449,846
04/30/11	884,989	42.91%	818,360
04/30/10	846,794	63.02%	313,159

Funding Status and Funding Progress. As of May 1, 2011, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability is \$12,357,232. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$16,260,655 and the ratio of the UAAL to the covered payroll was 75.99 percent.

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

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

In the May 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9.0 percent for 2012, reduced by decrements to an ultimate rate of 5.0 percent after five years. These rates include a 2.5 percent wage inflation assumption. The UAAL is being amortized as a level percentage of pay over 30 years.

CITY OF BELLEVILLE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 12: FOREIGN FIRE INSURANCE

The City's fire department maintains a bank account that provides for the receipts and expenditures related to foreign fire insurance funds. The balance in this bank account is \$150,796 as of April 30, 2012. Current year receipts from foreign fire insurance are \$84,817 and the current year expenditures were \$28,594. These funds were used for the maintenance, use and benefit of the department.

NOTE 13: SUBSEQUENT EVENT

The City has evaluated events occurring after the financial statement date through September 25, 2012 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

CITY OF BELLEVILLE, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
Receipts:			
Local Taxes:			
Hotel/Motel	\$ 50,000	\$ 50,000	\$ 34,737
Utility	3,400,000	3,400,000	3,142,648
Total Taxes	<u>3,450,000</u>	<u>3,450,000</u>	<u>3,177,385</u>
Licenses, Permits and Fees:			
Liquor Licenses	80,000	80,000	74,775
Franchise Fees	525,000	525,000	523,492
Business Licenses	35,000	35,000	39,402
Building Permits	150,000	150,000	93,916
Electrical Permits	30,400	30,400	25,235
Other Permits	17,150	17,150	20,265
Occupancy Permits	153,000	153,000	145,686
Housing Inspection Permits	152,000	152,000	146,665
Fire Inspection Fees	70,000	70,000	61,280
Vehicle Registration Fees	525,000	525,000	329,768
Other Fees	25,950	25,950	41,117
Total Licenses and Permits	<u>1,763,500</u>	<u>1,763,500</u>	<u>1,501,601</u>
Intergovernmental:			
State Income Tax	3,550,000	3,550,000	3,216,378
Sales Tax	7,113,000	7,113,000	7,408,456
Local Use Tax	610,000	610,000	654,947
Personal Property Replacement Tax	260,000	260,000	237,339
Grants	426,178	426,178	295,282
Telecommunications Tax	1,750,000	1,750,000	1,756,755
Total Intergovernmental	<u>13,709,178</u>	<u>13,709,178</u>	<u>13,569,157</u>
Charges for Services:			
Trash Disposal Charges	3,067,600	3,067,600	2,996,878
Cemetery Fees	62,000	62,000	52,430
Rent/Lease	78,000	78,000	77,050
Total Charges for Services	<u>3,207,600</u>	<u>3,207,600</u>	<u>3,126,358</u>
Fines and Forfeitures:			
Police and Circuit Clerk Fines	390,000	390,000	487,542
Total Fines and Forfeitures	<u>390,000</u>	<u>390,000</u>	<u>487,542</u>
Interest	<u>4,000</u>	<u>4,000</u>	<u>2,048</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2012

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts (continued):			
Miscellaneous:			
Donations	7,479	7,479	1,666
Departmental Reimbursement	502,000	502,000	515,267
Other	17,000	17,000	20,455
Total Miscellaneous	<u>526,479</u>	<u>526,479</u>	<u>537,388</u>
Total Receipts	<u>\$ 23,050,757</u>	<u>\$ 23,050,757</u>	<u>\$ 22,401,479</u>
Disbursements:			
General Government:			
Administrative:			
Personal Services	\$ 596,720	\$ 632,820	\$ 626,343
Contractual Services	1,491,300	1,486,900	1,298,879
Commodities	44,500	57,900	56,492
Capital Outlay	4,000	56,000	1,860
Debt Service	221,751	221,751	138,652
Other	141,723	132,723	115,407
	<u>2,499,994</u>	<u>2,588,094</u>	<u>2,237,633</u>
Legal:			
Personal Services	178,305	180,805	178,343
Contractual Services	35,900	35,900	29,488
	<u>214,205</u>	<u>216,705</u>	<u>207,831</u>
Health and Housing:			
Personal Services	680,545	664,545	638,351
Contractual Services	151,600	168,555	77,841
Commodities	22,800	22,800	20,056
Capital Outlay	1,350	1,350	580
	<u>856,295</u>	<u>857,250</u>	<u>736,828</u>
Mayor's Office:			
Personal Services	195,055	194,055	192,790
Contractual Services	3,900	3,900	2,844
Commodities	3,750	4,750	4,248
	<u>202,705</u>	<u>202,705</u>	<u>199,882</u>
Finance:			
Personal Services	169,040	174,040	173,057
Contractual Services	2,100	2,100	1,957
Commodities	2,000	2,000	1,046
	<u>173,140</u>	<u>178,140</u>	<u>176,060</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2012

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Disbursements (continued):			
Human Resources:			
Personal Services	96,340	96,340	95,978
Contractual Services	26,300	26,300	14,799
Commodities	800	800	771
	<u>123,440</u>	<u>123,440</u>	<u>111,548</u>
City Clerk:			
Personal Services	269,510	276,010	271,355
Contractual Services	13,010	13,010	1,785
Commodities	4,600	4,600	2,132
Capital Outlay	1,000	1,000	-
	<u>288,120</u>	<u>294,620</u>	<u>275,272</u>
Treasurer:			
Personal Services	\$ 121,000	\$ 121,000	\$ 120,644
Contractual Services	5,600	5,600	4,274
Commodities	2,000	2,000	1,724
	<u>128,600</u>	<u>128,600</u>	<u>126,642</u>
Maintenance:			
Personal Services	498,290	508,290	502,998
Contractual Services	166,550	156,550	111,933
Commodities	29,600	29,600	19,228
Capital Outlay	10,250	10,250	1,230
Other	1,000	1,000	-
	<u>705,690</u>	<u>705,690</u>	<u>635,389</u>
Total General Government	<u>5,192,189</u>	<u>5,295,244</u>	<u>4,707,085</u>
Public Safety:			
Police Department:			
Personal Services	7,581,129	7,499,629	7,401,736
Contractual Services	629,950	656,100	611,412
Commodities	233,500	289,500	300,265
Capital Outlay	34,000	22,000	16,741
Debt Service	-	-	40,530
Other	35,600	26,100	21,117
	<u>8,514,179</u>	<u>8,493,329</u>	<u>8,391,801</u>
Fire Department:			
Personal Services	5,059,319	5,080,319	5,064,884
Contractual Services	492,000	491,850	436,314
Commodities	77,700	77,700	75,572
Capital Outlay	20,000	145,000	143,882
Other	5,500	5,500	2,753
	<u>5,654,519</u>	<u>5,800,369</u>	<u>5,723,405</u>

CITY OF BELLEVILLE, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Disbursements (continued):			
Public Safety:			
Board of Police and Fire Commissioners:			
Contractual Services	8,000	8,000	7,300
	<u>8,000</u>	<u>8,000</u>	<u>7,300</u>
Total Public Safety	<u>14,176,698</u>	<u>14,301,698</u>	<u>14,122,506</u>
Public Works:			
Personal Services	\$ 1,177,715	\$ 1,187,715	\$ 1,154,189
Contractual Services	239,200	239,200	160,176
Commodities	190,200	190,200	156,652
Total Public Works	<u>1,607,115</u>	<u>1,617,115</u>	<u>1,471,017</u>
Parks and Recreation:			
Personal Services	505,464	505,464	472,976
Contractual Services	236,280	236,280	176,899
Commodities	115,600	115,600	81,920
Capital Outlay	60,250	60,250	38,849
Total Parks and Recreation	<u>917,594</u>	<u>917,594</u>	<u>770,644</u>
Health and Sanitation:			
Personal Services	1,081,770	1,005,770	992,063
Contractual Services	951,650	914,650	840,641
Commodities	250,400	332,400	329,438
Capital Outlay	1,200	1,200	-
Total Health and Sanitation	<u>2,285,020</u>	<u>2,254,020</u>	<u>2,162,142</u>
Cemetery:			
Personal Services	279,445	264,345	195,793
Contractual Services	44,600	44,600	23,027
Commodities	24,550	24,550	24,039
Total Cemetery	<u>348,595</u>	<u>333,495</u>	<u>242,859</u>
Engineering:			
Personal Services	235,685	266,685	264,882
Contractual Services	21,500	21,500	18,982
Commodities	9,250	9,250	7,122
Capital Outlay	1,000	1,000	159
Total Engineering	<u>267,435</u>	<u>298,435</u>	<u>291,145</u>

CITY OF BELLEVILLE, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Disbursements (continued):			
Planning & Economic Development:			
Personal Services	166,080	166,080	149,031
Contractual Services	9,550	9,950	6,560
Commodities	3,000	2,600	1,212
Total Planning & Economic Development	<u>178,630</u>	<u>178,630</u>	<u>156,803</u>
Total Disbursements	<u>\$ 24,973,276</u>	<u>\$ 25,196,231</u>	<u>\$ 23,924,201</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(1,922,519)</u>	<u>(2,145,474)</u>	<u>(1,522,722)</u>
Other Financing Sources:			
Proceeds From Debt	-	-	921,342
Proceeds From Fixed Asset Sales	2,000	2,000	55,088
Payment to Refunding Escrow Aging	-	-	(1,104,600)
Transfers In	1,920,906	1,920,906	1,539,906
Transfers Out	<u>-</u>	<u>-</u>	<u>(67,312)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ 387</u>	<u>\$ (222,568)</u>	<u>(178,298)</u>
Additional Police Funds included on the Statement of Revenues and Expenditures Arising from Modified Cash Basis Transactions in the General Fund			\$ 207,510
No change for Modified Cash Basis			-
As reported on the Statement of Revenues and Expenditures Arising from Modified Cash Basis Transactions			<u>\$ 29,212</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)
 TAX INCREMENT FINANCING FUND
 FOR THE YEAR ENDED APRIL 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Receipts:			
Property Tax	\$ 18,809,200	\$ 18,809,200	\$ 17,575,399
Intergovernmental	-	-	2,931,192
Interest	37,155	37,155	15,287
Miscellaneous	930,000	930,000	94,395
Total Receipts	<u>19,776,355</u>	<u>19,776,355</u>	<u>20,616,273</u>
Disbursements:			
Current:			
Development:			
Contractual Services	1,829,650	2,047,832	21,614,298
Tax District Reimbursements and Rebates	9,972,000	10,104,700	7,126,336
Capital Outlay	10,573,700	11,087,698	5,138,627
Debt Service	940,000	940,000	4,841,930
Other	-	798,500	797,108
Total Disbursements	<u>23,315,350</u>	<u>24,978,730</u>	<u>39,518,299</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(3,538,995)</u>	<u>(5,202,375)</u>	<u>(18,902,026)</u>
Other Financing Sources:			
Transfers In	2,275,000	2,275,000	-
Transfers Out	(4,820,707)	(4,820,707)	(2,545,373)
Proceeds from Debt	-	-	23,410,000
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (6,084,702)</u>	<u>\$ (7,748,082)</u>	1,962,601
Change for reporting on modified accrual basis:			
No change for modified cash basis			-
As reported on the Statement of Revenues and Expenditures Arising from Modified Cash Basis Transactions			<u>\$ 1,962,601</u>

CITY OF BELLEVILLE, ILLINOIS

**SCHEDULE OF POLICE AND FIREMEN'S PENSION
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2012**

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
<u>Police Pension</u>						
Actuarial Value of Assets	\$ 28,653,309	\$ 27,237,432	\$ 24,749,786	\$ 26,714,683	\$ 25,908,985	\$ 24,129,838
Actuarial Accrued Liability (AAL)	52,294,262	53,298,794	51,593,156	50,286,199	47,441,193	45,985,765
Unfunded AAL (UAAL)	23,640,953	26,061,362	26,843,370	23,571,516	21,532,208	21,855,927
Funded Ratio	54.79%	51.10%	47.97%	53.13%	54.61%	52.47%
Covered Payroll	5,053,174	4,391,064	4,631,274	4,609,585	4,524,231	4,581,939
UAAL as a % of Covered Payroll	467.84%	593.51%	579.61%	511.36%	475.93%	477.00%
Employer Contributions:						
Required	2,058,064	2,029,481	2,048,685	1,842,221	1,704,830	1,696,498
Made	2,108,151	2,118,884	1,895,256	1,827,843	1,688,470	1,475,788
Percentage of Employer Contributions						
Made to Required Contributions	102.43%	104.41%	92.51%	99.22%	99.04%	86.99%
<u>Firemen's Pension</u>						
Actuarial Value of Assets	\$ 18,956,134	\$ 17,876,812	\$ 15,420,492	\$ 17,841,516	\$ 17,822,856	\$ 16,875,429
Actuarial Accrued Liability (AAL)	41,623,433	45,017,159	45,817,959	43,947,392	39,912,683	38,403,926
Unfunded AAL (UAAL)	22,667,299	27,140,347	30,397,467	26,105,876	22,089,827	21,528,497
Funded Ratio	45.54%	39.71%	33.66%	40.60%	44.65%	43.94%
Covered Payroll	3,736,309	3,643,002	3,406,651	2,957,161	2,762,196	2,840,167
UAAL as a % of Covered Payroll	606.68%	745.00%	892.30%	882.80%	799.72%	758.00%
Employer Contributions:						
Required	1,969,017	2,169,760	2,236,096	1,880,366	1,623,060	1,584,976
Made	2,252,520	2,313,723	1,939,256	1,739,499	1,583,469	1,471,157
Percentage of Employer Contributions						
Made to Required Contributions	114.40%	106.63%	86.73%	92.51%	97.56%	92.82%

2010 is the latest year for which a tax was levied and collected. The 2011 actuarial estimate is levied in December 2011 and collected in fiscal year 2013.

The actuarial valuations presented are prepared by the Illinois Department of Insurance using the following parameters:

Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	30 Year Commenced in 2011
Asset Valuation Method:	5 Year Smoothed Market Method
Actuarial Assumptions:	
Interest Rate	7.0 %
Projected Payroll Growth	3.5%

CITY OF BELLEVILLE, ILLINOIS

**SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2012**

	Calendar Year					
	2011	2010	2009	2008	2007	2006
Actuarial Value of Assets	\$ 18,766,244	\$ 18,078,622	\$ 18,138,408	\$ 16,960,438	\$ 21,330,030	\$ 20,908,658
Actuarial Accrued Liability (AAL)	25,232,428	24,403,938	23,374,459	21,507,422	21,137,907	21,013,144
Unfunded AAL (UAAL)	6,466,184	6,325,316	5,236,051	4,546,984	(192,123)	104,486
Funded Ratio	74.37%	74.08%	77.60%	78.86%	100.91%	99.50%
Covered Payroll	8,263,777	8,741,518	8,384,000	8,185,562	7,804,878	7,383,412
UAAL as a % of Covered Payroll	78.25%	72.36%	62.45%	55.55%	0.00%	1.42%
Employer Contributions:						
Required	981,737	1,007,023	687,488	690,043	705,561	687,396
Made	819,767	788,485	687,488	690,043	705,561	687,396
Percentage of Employer Contributions						
Made to Required Contributions	84.00%	78.00%	100.00%	100.00%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$17,735,235.

On a market basis, the funded ratio would be 70.29 percent.

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

Actuarial Cost Method: Entry Age Actuarial Cost

Amortization Method: Level Percentage of Payroll

Remaining Amortization Period: 30 Years

Asset Valuation Method: Techniques that smooth the effects of short term volatility over a five year period.

Actuarial Assumptions:

Interest Rate 7.5 %

Salary Progression 4.4 - 14.0 %

Cost of Living

Adjustments 3.0 %

CITY OF BELLEVILLE, ILLINOIS

**SCHEDULE OF POST-EMPLOYMENT HEALTHCARE
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2012**

	<u>May 1, 2012</u>	<u>May 1, 2011</u>	<u>May 1, 2010</u>
Actuarial Value of Assets	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	12,357,232	10,491,002	9,940,095
Unfunded AAL (UAAL)	12,357,232	10,491,002	9,940,095
Funded Ratio	0.00%	0.00%	0.00%
Covered Payroll	16,260,655	16,250,408	15,700,877
UAAL as a % of Covered Payroll	75.99%	64.56%	63.30%
Employer Contributions:			
Required	1,059,370	884,989	846,794
Made	427,884	379,748	533,635
Percentage of Employer Contributions			
Made to Required Contributions	40.39%	42.91%	63.02%

The actuarial valuations presented are prepared for the post-retirement healthcare benefits using the following parameters:

Actuarial Cost Method: Entry Age Normal Cost

Amortization Method: Level Percentage of Pay

Remaining Amortization Period: 30 years

Actuarial Assumptions:

 Discount Rate 5.0%

 Wage Inflation 3.5%

 Healthcare Trend 9.00% initially with a reduction to 5% after five years

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2012

	Total Special Revenue		Debt Service		Capital Projects Fund	Permanent Fund Cemetery Care	Total Nonmajor Government Funds
	Special Service Area	2005 Bond Fund	TIF	Total			
Cash and Cash Equivalents	\$ 2,667,526	\$ 247,353	\$ 885,720	\$ 745,199	\$ 9,602	\$ 13,097	\$ 4,568,497
Investments	-	-	-	-	-	227,261	227,261
Note Receivable	398,148	-	-	-	-	-	398,148
Land	-	-	-	-	-	33,750	33,750
Total Assets	\$ 3,065,674	\$ 247,353	\$ 885,720	\$ 745,199	\$ 9,602	\$ 274,108	\$ 5,227,656
<u>Liabilities and Fund Balance</u>							
Liabilities:							
Due to Other Funds	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000
Total Liabilities	170,000	-	-	-	-	-	170,000
Fund Balances:							
Nonspendable	398,148	-	-	-	-	33,750	431,898
Restricted	2,436,785	247,353	885,720	745,199	-	240,358	4,555,415
Committed	143,756	-	-	-	9,602	-	153,358
Unassigned	(83,015)	-	-	-	-	-	(83,015)
Total Fund Balances	2,895,674	247,353	885,720	745,199	9,602	274,108	5,057,656
Total Liabilities and Fund Balances	\$ 3,065,674	\$ 247,353	\$ 885,720	\$ 745,199	\$ 9,602	\$ 274,108	\$ 5,227,656

CITY OF BELLEVILLE, ILLINOIS

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2012**

	Total Special Revenue	Debt Service			Capital Projects Fund	Permanent Fund Cemetery Care	Total Nonmajor Government Funds
		Special Service Area	2005 Bond Fund	TIF Debt			
Revenues:							
Property Tax	\$ 2,998,041	\$ 100,892	\$ -	\$ -	\$ -	\$ -	\$ 3,098,933
Intergovernmental	1,560,802	-	1,151,981	-	-	-	2,712,783
Local Tax	35,512	-	-	-	-	-	35,512
Charges for Services	396,517	-	-	-	-	1,775	398,292
Fines and Forfeitures	20,406	-	-	-	-	-	20,406
Investment Income	2,715	242	839	967	23	(2,248)	2,538
Contributions	17,943	-	-	-	-	-	17,943
Miscellaneous	144,753	-	-	-	-	-	144,753
Total Revenues	5,176,689	101,134	1,152,820	967	23	(473)	6,431,160
Expenditures:							
Current:							
General Government	1,859,897	-	-	-	-	-	1,859,897
Public Works	673,009	-	-	-	-	-	673,009
Cultural and Recreational	1,918,961	-	-	-	-	-	1,918,961
Capital Outlay	791,019	-	-	-	64,262	9,599	864,880
Debt Service:							
Principal	141,852	50,000	635,000	220,000	-	-	1,046,852
Interest and Fiscal Charges	24,928	49,389	463,311	247,699	-	-	785,327
Total Expenditures	5,409,666	99,389	1,098,311	467,699	64,262	9,599	7,148,926
Excess (Deficiency) of Revenues Over Expenditures	(232,977)	1,745	54,509	(466,732)	(64,239)	(10,072)	(717,766)
Other Financing Sources (Uses):							
Proceeds From Debt	-	-	4,715,000	-	-	-	4,715,000
Payment to Escrow Refunding Agent	-	-	(4,776,495)	-	-	-	(4,776,495)
Transfers In	41,667	-	-	263,800	-	-	305,467
Transfers Out	(300,000)	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	(258,333)	-	(61,495)	263,800	-	-	(56,028)
Net Change in Fund Balances	(491,310)	1,745	(6,986)	(202,932)	(64,239)	(10,072)	(773,794)
Fund Balances, Beginning of Year	3,386,984	245,608	892,706	948,131	73,841	284,180	5,831,450
Fund Balances, End of Year	\$ 2,895,674	\$ 247,353	\$ 885,720	\$ 745,199	\$ 9,602	\$ 274,108	\$ 5,057,656

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES AND EXPENDITURES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	Parks Project	Playground and Recreation	Motor Fuel Tax	Illinois Municipal Retirement	Public Library	Tort Liability	Belleville Illinois Tourism	Veteran's Memorial Fountain	Special Service Area	DCEO IKE Grant	Total
Revenues:											
Property Tax	\$ -	\$ 366,732	\$ -	\$ 1,043,594	\$ 1,170,882	\$ 387,224	\$ -	\$ -	\$ 29,609	\$ -	\$ 2,998,041
Intergovernmental	30,000	15,378	1,333,126	77,263	105,035	-	-	-	-	-	1,560,802
Local Tax	-	-	-	-	-	-	35,512	-	-	-	35,512
Charges for Services	-	367,346	5,662	-	23,509	-	-	-	-	-	396,517
Fines and Forfeitures	-	-	-	-	20,406	-	-	-	-	-	20,406
Investment Income	136	649	563	103	508	508	14	3	231	-	2,715
Contributions	825	4,114	-	-	8,504	-	-	4,500	-	-	17,943
Miscellaneous	-	4,702	7,696	10,053	12,278	86,538	-	225	-	23,261	144,753
Total Revenues	30,961	758,921	1,347,047	1,131,013	1,341,122	474,270	35,526	4,728	29,840	23,261	5,176,689
Expenditures:											
Current:											
General Government	-	-	-	1,117,930	-	696,318	45,649	-	-	-	1,859,897
Public Works	-	-	621,101	-	-	-	-	-	51,908	-	673,009
Cultural and Recreational	-	637,042	-	-	1,278,030	-	-	3,889	-	-	1,918,961
Debt Service:											
Principal	40,000	-	-	-	-	-	-	-	-	101,852	141,852
Interest and Fiscal Charges	1,667	-	-	-	-	-	-	-	-	23,261	24,928
Capital Outlay	37,907	-	734,100	-	19,012	-	-	-	-	-	791,019
Total Expenditures	79,574	637,042	1,355,201	1,117,930	1,297,042	696,318	45,649	3,889	51,908	125,113	5,409,666
Excess (Deficiency) of Revenues Over Expenditures	(48,613)	121,879	(8,154)	13,083	44,080	(222,048)	(10,123)	839	(22,068)	(101,852)	(232,977)
Other Financing Sources (Uses):											
Transfers In	41,667	-	-	-	-	-	-	-	-	-	41,667
Transfers Out	-	-	(300,000)	-	-	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	41,667	-	(300,000)	-	-	-	-	-	-	-	(258,333)
Net Change in Fund Balances	(6,946)	121,879	(308,154)	13,083	44,080	(222,048)	(10,123)	839	(22,068)	(101,852)	(491,310)
Fund Balance, Beginning of Year	140,809	669,920	737,956	(96,098)	530,081	632,185	20,016	2,553	249,562	500,000	3,386,984
Fund Balance, End of Year	\$ 133,863	\$ 791,799	\$ 429,802	\$ (83,015)	\$ 574,161	\$ 410,137	\$ 9,893	\$ 3,392	\$ 227,494	\$ 398,148	\$ 2,895,674

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
APRIL 30, 2012

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash	\$ 371,544	\$ 3,314	\$ 374,858
Total Assets	<u>\$ 371,544</u>	<u>\$ 3,314</u>	<u>\$ 374,858</u>
<u>Liabilities</u>			
Current Liabilities:			
Due to Other Funds	\$ -	\$ 982,192	\$ 982,192
Total Current Liabilities	<u>-</u>	<u>982,192</u>	<u>982,192</u>
<u>Net Assets</u>			
Unassigned	371,544	(978,878)	(607,334)
Total Net Assets	<u>\$ 371,544</u>	<u>\$ (978,878)</u>	<u>\$ (607,334)</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ -	\$ 3,877,744	\$ 3,877,744
Operating Expenses:			
Personal Services	-	4,374,088	4,374,088
Total Operating Expenses	-	4,374,088	4,374,088
Operating Income	-	(496,344)	(496,344)
Nonoperating Revenues:			
Property Tax	-	388,562	388,562
Investment Earnings	366	43	409
Total Nonoperating Revenues	366	388,605	388,971
Change in Net Assets	366	(107,739)	(107,373)
Net Assets, Beginning of Year	371,178	(871,139)	(499,961)
Net Assets, End of Year	<u>\$ 371,544</u>	<u>\$ (978,878)</u>	<u>\$ (607,334)</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
APRIL 30, 2012

	<u>Police Pension</u>	<u>Firemen's Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 2,035,592	\$ 1,322,562	\$ 3,358,154
Investments, at Market	25,142,839	16,994,814	42,137,653
Receivables:			
Taxes Receivable	2,088,820	1,996,264	4,085,084
Interest Receivable	108,507	74,184	182,691
Total Assets	<u>29,375,758</u>	<u>20,387,824</u>	<u>49,763,582</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 29,375,758</u>	<u>\$ 20,387,824</u>	<u>\$ 49,763,582</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	<u>Police Pension</u>	<u>Firemen's Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employee Contributions	\$ 492,674	\$ 387,646	\$ 880,320
Employer Contributions:			
Property Taxes	2,125,870	2,036,060	4,161,930
Personal Property Replacement Taxes	77,155	72,582	149,737
Total Contributions	<u>2,695,699</u>	<u>2,496,288</u>	<u>5,191,987</u>
Investment Income:			
Interest and Dividend Income	712,183	396,334	1,108,517
Gain on Sales of Securities	(365,060)	(154,358)	(519,418)
Net Appreciation in Fair Market Value of Investments	<u>(216,918)</u>	<u>465,248</u>	<u>248,330</u>
	130,205	707,224	837,429
Less Investment Expense	<u>(56,139)</u>	<u>(54,699)</u>	<u>(110,838)</u>
Total Investment Income	<u>74,066</u>	<u>652,525</u>	<u>726,591</u>
Total Additions	<u>2,769,765</u>	<u>3,148,813</u>	<u>5,918,578</u>
Deductions:			
Benefits Paid to Participants:			
Service and Disability	2,326,634	2,131,325	4,457,959
Dependents	293,773	463,756	757,529
Refund of Contributions	35,094	-	35,094
Professional Fees	18,962	15,190	34,152
Other	15,125	5,797	20,922
Total Deductions	<u>2,689,588</u>	<u>2,616,068</u>	<u>5,305,656</u>
Net Increase	80,177	532,745	612,922
Net Assets Held in Trust for Pension Benefits:			
Beginning of Year	<u>29,295,581</u>	<u>19,855,079</u>	<u>49,150,660</u>
End of Year	<u>\$ 29,375,758</u>	<u>\$ 20,387,824</u>	<u>\$ 49,763,582</u>

CITY OF BELLEVILLE, ILLINOIS

**SCHEDULE OF ASSESSED VALUATION, TAX RATES,
EXTENSIONS AND COLLECTIONS
(UNAUDITED)
APRIL 30, 2012**

Tax Rates

Levy Year	Total Assessed Valuation	Corporate Fund	Retirement Fund	Police Pension Fund	Firemen's Pension Fund	Library Fund	Liability Insurance Fund	Playground and Recreation Fund	Total Tax Fund
2001	\$ 306,859,990	\$ -	\$ 0.2011	\$ 0.3150	\$ 0.3331	\$ 0.2575	\$ -	\$ 0.0913	\$ 1.1980
2002	321,340,922	-	0.1044	0.3332	0.3241	0.2491	0.1164	0.0772	1.2044
2003	339,524,357	-	0.1400	0.3550	0.3396	0.2358	0.0531	0.0749	1.1984
2004	348,122,708	-	0.2092	0.4066	0.4109	0.2373	0.0538	0.0762	1.3940
2005	372,559,121	-	0.2279	0.3924	0.3924	0.2483	0.0673	0.0806	1.4089
2006	398,104,522	-	0.2222	0.4048	0.3787	0.2450	0.0918	0.0842	1.4267
2007	428,399,309	-	0.2194	0.3913	0.3728	0.2335	0.1368	0.0817	1.4355
2008	440,816,585	-	0.2031	0.4134	0.4244	0.2496	0.0945	0.0794	1.4644
2009	443,787,198	0.0676	0.2110	0.4627	0.5077	0.2479	0.0704	0.0789	1.6462
2010	437,646,688	0.0872	0.2342	0.4658	0.5003	0.2628	0.0869	0.0823	1.7195

Taxes Extended

Levy Year	Corporate Fund	Retirement Fund	Police Pension Fund	Firemen's Pension Fund	Library Fund	Liability Insurance Fund	Playground and Recreation Fund	Total Tax Fund
2001	\$ -	\$ 617,108	\$ 966,609	\$ 1,022,151	\$ 790,170	\$ -	\$ 280,163	\$ 3,676,201
2002	-	335,489	1,070,708	1,041,466	790,050	374,041	248,075	3,859,829
2003	-	476,832	1,204,670	1,152,412	800,603	180,192	254,169	4,068,878
2004	-	728,273	1,415,467	1,430,436	825,338	187,290	265,270	4,852,074
2005	-	849,062	1,461,922	1,461,922	925,064	250,732	300,283	5,248,985
2006	-	884,588	1,611,527	1,507,622	975,356	365,460	335,204	5,679,757
2007	-	939,908	1,676,327	1,597,073	1,000,312	586,050	350,002	6,149,672
2008	-	895,298	1,822,336	1,870,826	1,100,278	416,572	350,008	6,455,318
2009	300,000	936,391	2,053,403	2,253,108	1,100,148	312,426	350,148	7,305,624
2010	381,628	1,024,969	2,038,558	2,189,546	1,150,136	380,315	360,183	7,525,335

Taxes Collected

Levy Year	Total Taxes Extended	Total Taxes Collected	Percent of Current Year Taxes Collected	Current Year Uncollected Balance
2001	\$ 3,676,201	\$ 3,665,363	99.71%	\$ 10,838
2002	3,859,829	3,847,424	99.68%	12,405
2003	4,068,878	4,042,752	99.36%	26,126
2004	4,852,074	4,836,174	99.67%	15,900
2005	5,248,985	5,237,295	99.78%	11,690
2006	5,679,757	5,655,277	99.57%	24,480
2007	6,149,672	6,096,909	99.14%	52,763
2008	6,455,318	6,414,605	99.37%	40,713
2009	7,305,624	7,248,774	99.22%	56,850
2010	7,525,335	7,661,890	101.81%	(136,555)



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

To the Members of City Council of
City of Belleville, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belleville, Illinois ("City") as of and for the year April 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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



of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Members of City Council, the management of the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

C. J. Schlosser & Company, C.P.A.s
Certified Public Accountants
Alton, Illinois

September 25, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Members of City Council of
City of Belleville, Illinois

Compliance

We have audited the City of Belleville, Illinois' ("City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance* Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended April 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.



A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Members of City Council, the management of the City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

C. D. Schuman & Company, L.L.C.

Certified Public Accountants
Alton, Illinois

September 25, 2012

CITY OF BELLEVILLE, ILLINOIS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2012**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program or Award Amount</u>	<u>Federal Disbursements/ Expenditures</u>
<u>Environmental Protection Agency</u>				
Passed Through Illinois Environmental Protection Agency: Capitalization Grants for Clean Water	66.458	L17256000	\$ 2	<u>\$ 2</u>
<u>Department of Homeland Security</u>				
Direct Program: Staffing for Adequate Fire and Emergency Response Grant	97.083	N/A	433,520	<u>125,695</u>
<u>Department of Justice</u>				
Direct Program: COPS Hiring Program Grant	16.710	N/A	901,448	128,971
Local Law Enforcement Block Grant	16.738	N/A	260,730	47,152
				<u>176,123</u>
<u>Department of Transportation</u>				
Passed Through Illinois Department of Transportation: Federal-Aid Highway Program	20.205	HPP-0162	340,800	<u>218,678</u>
<u>Department of Energy</u>				
Direct Program: Energy Efficiency Block Grant	81.128	N/A	179,200	<u>57,900</u>
Total Federal Awards				<u><u>\$ 578,398</u></u>

See notes to schedule of expenditures of federal awards

CITY OF BELLEVILLE, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
APRIL 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Federal Awards presents the activity of all federal award programs of City of Belleville, Illinois. The City's reporting entity is defined in Note 1 to the City's financial statements. Federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 to the City's financial statements.

Noncash Assistance, Federal Insurance and Loans/Loan Guarantees

The City did not receive any noncash assistance, federal guaranteed loans or federal insurance for any of its programs for the year ended April 30, 2012.

Subrecipient Monitoring

The City did not provide any funds to subrecipients for federal funds.

CITY OF BELLEVILLE, ILLINOIS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
APRIL 30, 2012**

Part 1 -- Summary of Auditor's Results

- (a) The independent accountants' report expresses a qualified opinion on the financial statements.
- (b) No significant deficiencies in internal control were disclosed during the audit of the financial statements which would be required to be reported in accordance with Government Auditing Standards.
- (c) No instances of noncompliance material to the financial statements were disclosed during the audit which would be required to be reported in accordance with Governmental Auditing Standards.
- (d) No significant deficiencies in internal control over major federal programs were disclosed by the audit of the financial statements of the City.
- (e) An unqualified opinion was issued in the report on compliance for major programs.
- (f) The audit did not disclose any findings required to be reported in accordance with Section .510(a) of OMB Circular A-133.
- (g) The City's major programs are Staffing for Adequate Fire and Emergency Response Grant-CFDA #97.083 and Federal Aid Highway Program-CFDA #20.205.
- (h) The dollar threshold to distinguish between Type A and Type B programs is \$300,000.
- (i) The City did not qualify as a low-risk auditee under Section .530.

Part 2 -- The City has no findings to the financial statements that are required to be reported in accordance with GAGAS.

Part 3 -- The City has no findings or questioned costs for federal awards

CITY OF BELLEVILLE, ILLINOIS

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
APRIL 30, 2012**

None