



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BELLEVILLE, ILLINOIS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

APRIL 30, 2011

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CITY OF BELLEVILLE, ILLINOIS

TABLE OF CONTENTS
APRIL 30, 2011

	<u>Page</u>
Independent Auditor's Report	1 - 2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balances Arising From Modified Cash Basis Transactions - Governmental Funds	5
Reconciliation of the Statement of Assets, Liabilities and Fund Balances Arising From Modified Cash Basis Transactions to the Statement of Net Assets	6
Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions - Governmental Funds	7
Reconciliation of the Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions to the Statement of Activities	8
Statement of Net Assets – Proprietary Funds	9
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	10
Statement of Cash Flows – Proprietary Funds	11
Statement of Plan Net Assets – Pension Trust Funds	12
Statement of Changes in Plan Net Assets – Pension Trust Funds	13
Notes to Financial Statements	14 – 39
Required Supplementary Information:	
Budgetary Comparison Schedule (Modified Cash Basis):	
General Fund	40 - 44
Tax Increment Financing Fund	45
Schedule of Police and Firemen's Pension Funding Progress and Employer Contributions	46
Schedule of Illinois Municipal Retirement Funding Progress and Employer Contributions	47
Schedule of Post-Employment Healthcare Funding Progress and Employer Contributions	48

CITY OF BELLEVILLE, ILLINOIS

TABLE OF CONTENTS
APRIL 30, 2011

	<u>Page</u>
Other Supplementary Information:	
Combining Fund Financial Statements:	
Combining Statement of Assets, Liabilities and Fund Balances Arising from Modified Cash Basis Transactions - Nonmajor Governmental Funds	49
Combining Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions - Nonmajor Governmental Funds	50
Combining Statement of Assets, Liabilities and Fund Balances Arising from Modified Cash Basis Transactions - Nonmajor Special Revenue Governmental Funds	51
Combining Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions - Nonmajor Special Revenue Governmental Funds	52
Combining Statement of Net Assets - Nonmajor Enterprise Funds	53
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Enterprise Funds	54
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	55
Combining Statement of Net Assets - Internal Service Funds	56
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds	57
Combining Statement of Plan Net Assets - Pension Trust Funds	58
Combining Statement of Changes in Plan Net Assets - Pension Trust Funds	59
 Schedule of Assessed Valuation, Tax Rates, Extensions and Collections	 60
 Statement of Receipts and Disbursements – Metro East Auto Theft Task Force	 61
 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	 62 - 63

CITY OF BELLEVILLE, ILLINOIS

TABLE OF CONTENTS
APRIL 30, 2011

	<u>Page</u>
Other Supplementary Information (Continued):	
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	64 - 65
Schedule of Expenditures of Federal Awards	66
Notes to the Schedule of Expenditures of Federal Awards	67
Schedule of Findings and Questioned Costs	68
Schedule of Prior Year Findings and Questioned Costs	69

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, 2011, 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.

The City of Belleville has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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, 2011 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

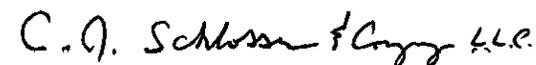


governmental fund (modified cash basis), the major enterprise fund (accrual basis) and the aggregate remaining fund information of the City of Belleville, Illinois, as of April 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 31, 2011, 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 40 through 45), and schedules of retirement funding progress (pages 46 through 48) 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.


Certified Public Accountants

August 31, 2011

CITY OF BELLEVILLE, ILLINOIS

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

APRIL 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 22,053,874	\$ 12,509,637	\$ 34,563,511
Investments	70,427	-	70,427
Receivables (Net of allowance for uncollectible):			
Accounts	-	1,010,470	1,010,470
Interest/Other	595,000	-	595,000
Prepaid Expenses	-	70,262	70,262
Inventory	-	97,842	97,842
Internal Balances	28,818	(28,818)	-
Capital Assets:			
Land	33,750	1,104,046	1,137,796
Buildings and Improvements	-	4,787,695	4,787,695
Equipment	-	1,578,574	1,578,574
Vehicles	-	1,007,776	1,007,776
Infrastructure	-	44,181,707	44,181,707
Construction in Progress	-	10,038,958	10,038,958
Accumulated Depreciation	-	(23,587,647)	(23,587,647)
Net Capital Assets	<u>33,750</u>	<u>39,111,109</u>	<u>39,144,859</u>
Deferred Debt Expense	-	114,584	114,584
Total Assets	<u>22,781,869</u>	<u>52,885,086</u>	<u>75,666,955</u>
<u>Liabilities</u>			
Accounts Payable	15,355	2,574,047	2,589,402
Accrued Payroll and Benefits	-	216,869	216,869
Accrued Interest Payable	-	117,049	117,049
Deferred Revenue	-	232,590	232,590
Noncurrent Liabilities:			
Due Within One Year	2,991,382	853,321	3,844,703
Due in More Than One Year	44,642,721	16,088,212	60,730,933
Total Liabilities	<u>47,649,458</u>	<u>20,082,088</u>	<u>67,731,546</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	-	26,541,025	26,541,025
Restricted for:			
Debt Service	4,152,963	-	4,152,963
Other Purposes	1,022,542	-	1,022,542
Unrestricted	<u>(30,043,094)</u>	<u>6,261,973</u>	<u>(23,781,121)</u>
Total Net Assets	<u>\$ (24,867,589)</u>	<u>\$ 32,802,998</u>	<u>\$ 7,935,409</u>

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

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF ACTIVITIES
(BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)
(GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)
FOR THE YEAR ENDED APRIL 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 5,434,689	\$ 1,868,869	\$ 504,397	\$ -	\$ (3,061,423)		\$ (3,061,423)
Public Safety	14,989,180	718,369	158,197	888,898	(13,223,716)		(13,223,716)
Public Works	5,442,511	60,085	197,618	-	(5,184,808)		(5,184,808)
Sanitation	2,733,092	3,052,072	-	-	318,980		318,980
Cemetery	345,235	59,401	-	-	(285,834)		(285,834)
Health and Welfare	732,495	16,646	-	-	(715,849)		(715,849)
Development	12,337,760	905,278	510,486	-	(10,921,996)		(10,921,996)
Cultural and Recreational	2,811,807	467,125	102,264	51,577	(2,190,841)		(2,190,841)
Interest on Long-term Debt	4,476,977	-	-	-	(4,476,977)		(4,476,977)
Total Governmental Activities	49,303,746	7,147,845	1,472,962	940,475	(39,742,464)		(39,742,464)
Business-type Activities:							
Waterworks and Sewerage	5,843,411	6,986,037	-	-	\$ 1,142,626		1,142,626
Nonmajor	86,900	72,465	-	-	(14,435)		(14,435)
Total Business-type Activities	5,930,311	7,058,502	-	-	1,128,191		1,128,191
Total Government	\$ 55,234,057	\$ 14,206,347	\$ 1,472,962	\$ 940,475	(39,742,464)		(38,614,273)

General Revenues:	Property Tax, Levied for General Purposes	Sales and Use Tax	Income Tax	Corporate Personal Property Tax	Motor Fuel Tax	Telecommunications Tax	Other Local Tax	Utility Tax	Investment Earnings	Miscellaneous	Transfers	Total General Revenues and Transfers	Change in Net Assets	Net Assets - Beginning	Other Change in Net Assets	Net Assets - Ending
	21,108,577	11,528,379	3,893,913	430,441	1,156,009	1,679,255	79,660	3,210,737	56,687	114,006	(780,278)	42,477,386	2,734,922	(27,602,511)	-	\$ (24,867,589)
	-	-	-	-	-	-	-	-	29,485	3,989	780,278	813,752	1,941,943	31,903,236	(1,042,181)	\$ 32,802,998
	21,108,577	11,528,379	3,893,913	430,441	1,156,009	1,679,255	79,660	3,210,737	56,687	114,006	(780,278)	42,477,386	2,734,922	(27,602,511)	-	\$ (24,867,589)
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	-	-	-	-	-	-	-	-	29,485	3,989	780,278	813,752	1,941,943	31,903,236	(1,042,181)	\$ 32,802,998
	21,108,577	11,528,379	3,893,913	430,441												

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
APRIL 30, 2011

	<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	\$ 1,699,092	\$ 14,464,213	\$ 5,407,273	\$ 21,570,578
Investments	-	-	70,427	70,427
Note Receivable	-	95,000	500,000	595,000
Due From Other Funds	1,192,075	897,198	-	2,089,273
Other Assets	-	-	33,750	33,750
Total Assets	<u>\$ 2,891,167</u>	<u>\$ 15,456,411</u>	<u>\$ 6,011,450</u>	<u>\$ 24,359,028</u>
 <u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to Other Funds	\$ 897,198	\$ -	\$ 180,000	\$ 1,077,198
Accrued Expenses and Other Liabilities	15,355	-	-	15,355
Total Liabilities	<u>912,553</u>	<u>-</u>	<u>180,000</u>	<u>1,092,553</u>
 Fund Balances:				
Reserved For:				
Debt Service	-	2,066,518	2,086,445	4,152,963
Other Purposes	-	95,000	927,542	1,022,542
Unreserved, Reported In:				
General Fund	1,978,614	-	-	1,978,614
Special Revenue Funds	-	13,294,893	2,743,622	16,038,515
Capital Projects Fund	-	-	73,841	73,841
Total Fund Balances	<u>1,978,614</u>	<u>15,456,411</u>	<u>5,831,450</u>	<u>23,266,475</u>
Total Liabilities and Fund Balances	<u>\$ 2,891,167</u>	<u>\$ 15,456,411</u>	<u>\$ 6,011,450</u>	<u>\$ 24,359,028</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, 2011**

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 23,266,475
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(47,634,103)
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.	(499,961)
Net assets of governmental activities	<u>\$ (24,867,589)</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, 2011

	General Fund	Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Tax	\$ -	\$ 18,001,644	\$ 2,809,270	\$ 20,810,914
Utility Tax	3,210,737	-	-	3,210,737
Intergovernmental	14,434,418	2,845,762	3,252,857	20,533,037
Local Tax	43,198	-	36,462	79,660
Licenses, Permits and Fees	1,660,194	-	-	1,660,194
Charges for Services	3,173,992	-	480,854	3,654,846
Fines and Forfeitures	361,646	-	19,565	381,211
Investment Earnings	3,879	34,713	17,071	55,663
Contributions	510,874	-	47,037	557,911
Reimbursements/Miscellaneous	495,343	905,278	171,672	1,572,293
Total Revenues	23,894,281	21,787,397	6,834,788	52,516,466
Expenditures:				
Current:				
General Government	3,931,307	-	1,629,560	5,560,867
Public Safety	13,741,562	-	-	13,741,562
Public Works	1,824,295	-	468,786	2,293,081
Sanitation	2,251,786	-	-	2,251,786
Cemetery	336,570	-	-	336,570
Health and Welfare	728,807	-	-	728,807
Development	183,137	11,653,984	500,000	12,337,121
Cultural and Recreational	686,027	-	1,885,799	2,571,826
Capital Outlay	1,024,666	3,980,821	267,390	5,272,877
Debt Service:				
Principal	701,524	1,287,737	915,000	2,904,261
Interest and Charges	109,353	3,720,788	646,836	4,476,977
Total Expenditures	25,519,034	20,643,330	6,313,371	52,475,735
Excess (Deficiency) of Revenues Over Expenditures	(1,624,753)	1,144,067	521,417	40,731
Other Financing Sources (Uses):				
Proceeds from Debt	147,404	5,255,060	500,000	5,902,464
Proceeds from Fixed Asset Sales	3,793	-	-	3,793
Operating Transfers In	1,617,848	-	511,125	2,128,973
Operating Transfers Out	-	(2,609,251)	(300,000)	(2,909,251)
Total Other Financing Sources (Uses)	1,769,045	2,645,809	711,125	5,125,979
Net Change in Fund Balances	144,292	3,789,876	1,232,542	5,166,710
Fund Balance, Beginning of Year	1,834,322	11,666,535	4,598,908	18,099,765
Fund Balance, End of Year	\$ 1,978,614	\$ 15,456,411	\$ 5,831,450	\$ 23,266,475

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, 2011

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

Net change in fund balances - total governmental funds	\$ 5,166,710
<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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.</p>	(2,998,203)
<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>	566,415
Change in net assets of governmental activities	<u>\$ 2,734,922</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, 2011

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewerage	Nonmajor Enterprise	Total	
<u>Assets</u>				
Current Assets:				
Cash	\$ 12,509,233	\$ 404	\$ 12,509,637	\$ 483,296
Receivables (Net, where applicable, of allowances for uncollectible):				
Accounts	729,091	-	729,091	-
Unbilled Revenue	281,379	-	281,379	-
Prepaid Expenses	67,068	3,194	70,262	-
Inventory, at Cost	97,842	-	97,842	-
Total Current Assets	13,684,613	3,598	13,688,211	483,296
Noncurrent Assets:				
Capital Assets:				
Land	1,104,046	-	1,104,046	-
Buildings and Improvements	4,599,641	188,054	4,787,695	-
Equipment	987,863	590,711	1,578,574	-
Vehicles	1,007,776	-	1,007,776	-
Distribution System	44,181,707	-	44,181,707	-
Construction in Progress	10,038,958	-	10,038,958	-
Total	61,919,991	778,765	62,698,756	-
Less - Accumulated Depreciation	(22,813,364)	(774,283)	(23,587,647)	-
Net Capital Assets	39,106,627	4,482	39,111,109	-
Deferred Charges	114,584	-	114,584	-
Total Assets	\$ 52,905,824	\$ 8,080	\$ 52,913,904	\$ 483,296
<u>Liabilities</u>				
Current Liabilities:				
Accrued Payroll and Benefits	\$ 216,869	\$ -	\$ 216,869	\$ -
Accounts Payable	2,574,047	-	2,574,047	-
Accrued Interest	117,049	-	117,049	-
Deferred Revenue	232,590	-	232,590	-
Due to Other Funds	-	28,818	28,818	983,257
Total Current Liabilities	3,140,555	28,818	3,169,373	983,257
Noncurrent Liabilities:				
Due Within One Year	853,321	-	853,321	-
Due in More Than One Year	16,088,212	-	16,088,212	-
Total Noncurrent Liabilities	16,941,533	-	16,941,533	-
Total Liabilities	20,082,088	28,818	20,110,906	983,257
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	26,536,543	4,482	26,541,025	-
Unrestricted	6,287,193	(25,220)	6,261,973	(499,961)
Total Net Assets	\$ 32,823,736	\$ (20,738)	\$ 32,802,998	\$ (499,961)

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, 2011

	Business Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Sewerage	Nonmajor Enterprise	Total	
Operating Revenues:				
Charges for Services	\$ 6,986,037	\$ 72,465	\$ 7,058,502	\$ 4,209,186
Operating Expenses:				
Personal Services	2,243,373	43,939	2,287,312	3,941,458
Supplies	118,945	13,129	132,074	-
Contractual Services	2,062,023	28,743	2,090,766	-
Depreciation	1,080,308	1,089	1,081,397	-
Total Operating Expenses	<u>5,504,649</u>	<u>86,900</u>	<u>5,591,549</u>	<u>3,941,458</u>
Operating Income (Loss)	<u>1,481,388</u>	<u>(14,435)</u>	<u>1,466,953</u>	<u>267,728</u>
Nonoperating Revenues (Expenses):				
Amortization	(61,109)	-	(61,109)	-
Proceeds from Fixed Asset Sale	3,989	-	3,989	-
Property Tax	-	-	-	297,663
Investment Earnings	29,436	49	29,485	1,024
Interest and Fiscal Charges	<u>(277,653)</u>	<u>-</u>	<u>(277,653)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(305,337)</u>	<u>49</u>	<u>(305,288)</u>	<u>298,687</u>
Income (Loss) Before Transfers	1,176,051	(14,386)	1,161,665	566,415
Transfers In	1,000,000	(219,722)	780,278	-
Change in Net Assets	2,176,051	(234,108)	1,941,943	566,415
Net Assets - Beginning of Year	<u>30,647,685</u>	<u>1,255,551</u>	<u>31,903,236</u>	<u>(1,066,376)</u>
Other Change in Net Assets	-	(1,042,181)	(1,042,181)	-
Net Assets - End of Year	<u>\$ 32,823,736</u>	<u>\$ (20,738)</u>	<u>\$ 32,802,998</u>	<u>\$ (499,961)</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, 2011

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Sewerage</u>	<u>Nonmajor</u>	<u>Total</u>	<u>Activities -</u>
		<u>Enterprise</u>		<u>Internal</u>
				<u>Service Funds</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 6,960,707	\$ 72,465	\$ 7,033,172	\$ 4,209,186
Payments to Suppliers	(2,759,169)	(46,003)	(2,805,172)	(3,941,458)
Payments to Employees	(1,683,551)	(53,626)	(1,737,177)	-
Net Cash Provided (Used) by Operating Activities	<u>2,517,987</u>	<u>(27,164)</u>	<u>2,490,823</u>	<u>267,728</u>
Cash Flows from Noncapital Financing Activities:				
Property Tax	-	-	-	297,663
Payments from (to) Other Funds	<u>1,000,000</u>	<u>(210,251)</u>	<u>789,749</u>	<u>(197,102)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,000,000</u>	<u>(210,251)</u>	<u>789,749</u>	<u>100,561</u>
Cash Flows from Capital and Related Financing Activities:				
Principal Payments on Long-Term Debt	(830,391)	-	(830,391)	-
Proceeds from Long-Term Debt	9,688,613	-	9,688,613	-
Interest Paid on Debt	(253,364)	-	(253,364)	-
Sale of Fixed Assets	3,989	-	3,989	-
Cash Payments for Capital Assets	<u>(9,429,125)</u>	<u>-</u>	<u>(9,429,125)</u>	<u>-</u>
Net Cash Provided (Used) by Capital Related Financing Activities	<u>(820,278)</u>	<u>-</u>	<u>(820,278)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest Received	29,436	49	29,485	1,024
Sale of Investments	<u>2,700,000</u>	<u>-</u>	<u>2,700,000</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>2,729,436</u>	<u>49</u>	<u>2,729,485</u>	<u>1,024</u>
Net Change in Cash and Cash Equivalents	5,427,145	(237,366)	5,189,779	369,313
Cash and Cash Equivalents, Beginning of Year	7,082,088	237,770	7,319,858	113,983
Cash and Cash Equivalents, End of Year	\$ 12,509,233	\$ 404	\$ 12,509,637	\$ 483,296
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 1,481,388	\$ (14,435)	\$ 1,466,953	\$ 267,728
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation	1,080,308	1,089	1,081,397	-
(Increase) Decrease in Assets:				
Accounts Receivable	40,136	-	40,136	-
Unbilled Revenue	(57,973)	-	(57,973)	-
Inventory	(20,659)	-	(20,659)	-
Prepaid Expenses	3,608	2,224	5,832	-
Increase (Decrease) in Liabilities:				
Accrued Payroll and Benefits	21,650	(16,042)	5,608	-
Accounts Payable	(22,978)	-	(22,978)	-
Deferred Fees	(7,493)	-	(7,493)	-
Net Cash Provided by Operating Activities	<u>\$ 2,517,987</u>	<u>\$ (27,164)</u>	<u>\$ 2,490,823</u>	<u>\$ 267,728</u>

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

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
APRIL 30, 2011

Assets:	
Cash and Cash Equivalents	\$ 5,325,628
Investments, at Market	39,383,096
Receivables:	
Taxes Receivable	4,228,104
Interest Receivable	213,832
Total Assets	<u>49,150,660</u>
Liabilities	<u>-</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 49,150,660</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, 2011

Additions:

Contributions:

Employee Contributions	\$ 890,991
Employer Contributions:	
Property Taxes	4,194,686
Personal Property Replacement Taxes	165,985
Total Contributions	<u>5,251,662</u>

Investment Income:

Interest and Dividend Income	872,404
Gain on Sales of Securities	459,501
Net Appreciation in Fair Market Value of Investments	<u>2,415,317</u>
	3,747,222
Less Investment Expense	<u>(126,647)</u>
Total Investment Income	<u>3,620,575</u>

Reimbursements	1,978
Total Additions	<u>8,874,215</u>

Deductions:

Benefits Paid to Participants:	
Service and Disability	4,337,585
Dependents	749,810
Refund of Contributions	10,174
Professional Fees	39,094
Other	<u>20,531</u>
Total Deductions	<u>5,157,194</u>

Net Increase	3,717,021
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Net Assets Held in Trust for Pension Benefits:

Beginning of Year	45,433,639
End of Year	<u><u>49,150,660</u></u>

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

CITY OF BELLEVILLE, ILLINOIS

NOTE TO FINANCIAL STATEMENTS

APRIL 30, 2011

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 stocks 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, 2011 is \$97,300.

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:

<u>Type of Property And Equipment</u>	<u>Estimated Useful Lives</u>
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 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, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative City plans that are subject to change.

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 \$1.50 per hour for the first 1,000 hours and \$3.75 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, 2011, the carrying amount of the City's deposits was \$32,402,418 and the bank balance was \$29,128,812. The deposits were comprised of interest checking, savings, federal government obligation funds and certificates of deposit. The City also maintains cash on hand of \$3,299.

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, 2011, 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	\$ 32,402,418
Petty Cash	3,299
Federal MM Fund	2,095,716
The Illinois Funds	<u>132,505</u>
	<u>\$ 34,633,938</u>
<u>As Reported in the Financial Statements</u>	
Cash and Cash Equivalents	\$ 34,563,511
Investments	<u>70,427</u>
	<u>\$ 34,633,938</u>

Fire Pension

At April 30, 2011, the carrying amount and the bank balance of the Fire Pension Fund's deposits was \$1,492,075. 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.

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

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, 2011, the Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Commercial Paper	1.36	\$ 575,592
Federal National Mortgage Association	11.95	2,563,244
U.S. Treasury Notes	4.1	5,131,488
Mutual Funds	--	1,692,363
Common Stock	--	<u>6,161,251</u>
		16,123,938
Deposits as reported above		<u>1,492,075</u>
Total deposits and investments		<u>\$ 17,616,013</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 1,492,075
Investments		<u>16,123,938</u>
		<u>\$ 17,616,013</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, 2011, 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, 2011, the Fire Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2011, the Fire Pension Fund did not have foreign currency risk.

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

Police Pension

At April 30, 2011, the carrying amount and bank balance of the Police Pension Fund's deposits was \$3,172,993. 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, 2011, 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	\$ 1,381,169
U.S. Treasury Notes	5.12	1,013,400
U.S. Treasury Strips	16.30	363,158
Commercial Paper	0.04	600,750
Federal National Mortgage Association	2.90	1,150,745
Municipal Bonds	2.94	7,421,407
Federal Home Loan Bank	3.69	1,440,341
Mutual Funds	--	<u>10,548,748</u>
		23,919,718
Deposits as reported above		<u>3,172,993</u>
Total deposits and investments		<u>\$ 27,092,711</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 3,833,553
Investments		<u>23,259,158</u>
		<u>\$ 27,092,711</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, 2011, 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 Bank	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, 2011, the Police Pension Fund's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Illinois State Municipal Bonds	25.84%

Foreign Currency Risk. As of April 30, 2011, 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, 2011:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Construction in Progress	\$ 3,218,251	\$ 8,278,149	\$ 1,457,442	\$ 10,038,958
Land	1,634,365	334,335	864,654	1,104,046
Total not being depreciated	<u>4,852,616</u>	<u>8,612,484</u>	<u>2,322,096</u>	<u>11,143,004</u>
<u>Capital assets, being depreciated:</u>				
Buildings and improvements	\$ 2,788,477	\$ 1,999,218	\$ -	\$ 4,787,695
Land improvements	838,707	-	838,707	-
Distribution and collection systems	42,036,529	2,145,178	-	44,181,707
Vehicles and equipment	2,778,256	69,597	261,503	2,586,350
Total capital assets, being depreciated	<u>48,441,969</u>	<u>4,213,993</u>	<u>1,100,210</u>	<u>51,555,752</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	2,251,445	108,880	-	2,360,325
Land improvements	709,451	-	709,451	-
Distribution and collection systems	18,402,580	842,061	-	19,244,641
Vehicles and equipment	2,065,457	130,456	213,232	1,982,681
Total accumulated depreciation	<u>23,428,933</u>	<u>1,081,397</u>	<u>922,683</u>	<u>23,587,647</u>
Capital assets, net	<u>25,013,036</u>	<u>3,132,596</u>	<u>177,527</u>	<u>27,968,105</u>
Capital assets, total	<u>\$ 29,865,652</u>	<u>\$ 11,745,080</u>	<u>\$ 2,499,623</u>	<u>\$ 39,111,109</u>

Depreciation expense charged to enterprise operations for the year ended April 30, 2011 was as follows:

Sewerage	\$ 1,080,308
Swimming Pool	<u>1,089</u>
Total Enterprise Fund Depreciation	<u>\$ 1,081,397</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, 2011:

Governmental Activities

General Obligation Bonds

\$2,070,000 Sales Tax Increment Financing District Bonds, dated September 1, 2003, interest ranging from 3.60% to 4.00% payable June 1 and December 1, with principal payments on December 1 through 2013.	\$ 680,000
\$1,771,910 2004 General Obligation Refunding Bonds, dated April 1, 2004, interest ranging from 3.25% to 3.85%, payable January 1 and July 1, with principal payments on January 1 through 2017.	1,085,453
\$14,450,000 2005 Project Bonds, dated December 1, 2005, interest ranging from 3.65% to 4.40%, payable January 1 and July 1, with principal payments on January 1 through 2026.	12,680,000
\$1,350,000 2006 Special Service Area Bonds, dated December 1, 2006, interest ranging from 3.85% to 4.40%, payable January 1 and July 1, with principal payments on January 1 through 2027.	1,170,000
\$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 1.15% 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.	195,696

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

\$5,000,000 2011 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

The annual requirement to retire governmental activities bonds outstanding as of April 30, 2011 is as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 2,455,834	\$ 2,192,466	\$ 4,648,300
2013	2,058,844	2,120,267	4,179,111
2014	2,200,239	2,020,470	4,220,709
2015	2,107,921	1,912,206	4,020,127
2016	2,269,955	1,803,458	4,073,413
2017 - 2021	13,254,132	7,035,462	20,289,594
2022 - 2026	13,804,628	3,107,111	16,911,739
2027 - 2031	<u>5,169,596</u>	<u>800,540</u>	<u>5,970,136</u>
	<u>\$ 43,321,149</u>	<u>\$ 20,991,980</u>	<u>\$ 64,313,129</u>

Notes Payable

\$400,000 note payable to West Pointe Bank and Trust Company dated June 16, 2004, for American Legion Field improvements, secured by real estate, interest at 4.10%, final principal and interest payment due April 1, 2012. \$ 40,000

\$325,000 note payable to Illinois-American Water Company for the purchase of real property, loan is interest free with a final payment of \$65,000 due January 3, 2012. 65,000

\$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. 2,700,000

\$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. 600,000

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

The annual requirement to retire governmental activities notes outstanding as of April 30, 2011 is as follows:

Year Ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	305,000	33,045	338,045
2013	200,000	31,378	231,378
2014	<u>2,900,000</u>	<u>15,689</u>	<u>2,915,689</u>
	<u>\$ 3,405,000</u>	<u>\$ 80,112</u>	<u>\$ 3,485,112</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. \$ 500,000

The annual requirement to retire governmental activities DCEO Flowthrough outstanding as of April 30, 2011 is as follows:

Year Ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 101,852	\$ 23,261	\$ 125,113
2013	111,111	17,609	128,720
2014	111,111	11,974	123,085
2015	111,111	6,344	117,455
2016	<u>64,815</u>	<u>1,098</u>	<u>65,913</u>
	<u>\$ 500,000</u>	<u>\$ 60,286</u>	<u>\$ 560,286</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. 63,942

\$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. 15,319

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

\$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. 210,819

\$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. 117,874

The City is obligated under leases considered to be equivalent to an installment purchase for purposes of accounting presentation. Future minimum lease payments under the capital leases as of April 30, 2011 are as follows:

Year Ending April 30,	Principal	Interest	Totals
2012	\$ 137,955	\$ 14,401	\$ 152,356
2013	143,261	9,095	152,356
2014	95,776	3,555	99,331
2015	30,962	785	31,747
	<u>\$ 407,954</u>	<u>\$ 27,836</u>	<u>\$ 435,790</u>

Proprietary Fund Debt

General Obligation Bonds

\$3,180,546 2009 General Obligation Refunding Bonds, dated December 1, 2009, interest ranging from 3.15% to 4.35% payable January 1 and July 1, with principal payments on January 1 through 2028. 3,044,304

\$5,783,090 2004 General Obligation Refunding Bonds, dated April 1, 2004, interest ranging from 3.25% to 3.85% payable January 1 and July 1, with principal payments on January 1 through 2017. 3,564,546

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

The annual requirement to retire business-type bonds outstanding as of April 30, 2011 is as follows:

Year Ending April 30,	Principal	Interest	Totals
2012	\$ 684,165	\$ 229,945	\$ 914,110
2013	711,156	211,174	922,330
2014	724,761	189,481	914,242
2015	752,079	165,908	917,987
2016	785,045	140,852	925,897
2017-2021	1,485,868	414,516	1,900,384
2022-2026	1,005,372	224,956	1,230,328
2027-2029	460,404	30,020	490,424
	<u>\$ 6,608,850</u>	<u>\$ 1,606,852</u>	<u>\$ 8,215,702</u>

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. \$ 183,801

\$154,760 note payable to Illinois Environmental Protection Agency for construction of Engelman sewer interceptor, bears interest at 3.58%, semi-annual principal and interest payments of \$5,533 are due through July 2012. 16,023

\$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. 449,804

\$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. 160,277

\$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. 163,568

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

\$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.

68,255

\$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 January 2032. Repayment has not begun as the IEPA has not distributed the full loan amount. Interest is being accrued until repayment begins.

9,688,613

The annual requirement to retire business-type activities notes outstanding as of April 30, 2011 is as follows:

Year Ending April 30,	Principal	Interest	Totals
2012	\$ 169,156	\$ 28,257	\$ 197,413
2013	487,372	260,288	747,660
2014	607,410	134,717	742,127
2015	617,717	124,410	742,127
2016	606,343	113,897	720,240
2017-2021	2,548,336	445,917	2,994,253
2022-2026	2,491,325	287,575	2,778,900
2027-2031	2,652,071	126,830	2,778,901
2032	<u>550,611</u>	<u>5,169</u>	<u>555,780</u>
	<u>\$ 10,730,341</u>	<u>\$ 1,527,060</u>	<u>\$ 12,257,401</u>

The overall debt activity of the City for the year ended April 30, 2011 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 39,530,155	\$ 5,000,000	\$ 1,209,006	\$ 43,321,149	\$ 2,455,834
Note Payable	5,000,385	-	1,595,385	3,405,000	305,000
DCEO Flowthrough	-	500,000	-	500,000	92,593
Leases Payable	105,360	402,464	99,870	407,954	137,955
	<u>\$ 44,635,900</u>	<u>\$ 5,902,464</u>	<u>\$ 2,904,261</u>	<u>\$ 47,634,103</u>	<u>\$ 2,991,382</u>
Business-type Activities:					
Bonds Payable	\$ 7,274,845	\$ -	\$ 665,995	\$ 6,608,850	\$ 684,165
Loss on Refunding	(447,544)	-	(49,886)	(397,658)	-
Notes Payable	1,206,124	9,688,613	164,396	10,730,341	169,156
	<u>\$ 8,033,425</u>	<u>\$ 9,688,613</u>	<u>\$ 780,505</u>	<u>\$ 16,941,533</u>	<u>\$ 853,321</u>

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

In a prior year, the City defeased an old bond issue. The City used the proceeds from the newly issued debt to purchase U.S. government securities that were placed in trust funds. The investments and earnings from the investments are being used to service the defeased debt until the debt is called or matures. As of April 30, 2011, the amount of defeased debt outstanding from the prior issue amounted to \$500,000. As a result of these transactions, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet of the City.

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 2010 was 9.02 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 11.52 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.

Annual Pension Cost. For calendar year ending December 31, 2010, the City's actual contributions for pension cost for the regular were \$788,485. It's required contribution for calendar year 2010 was \$1,007,023. 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 2010.

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

Three-Year Trend Information for IMRF

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	\$1,007,023	78%	\$ 218,538
12/31/2009	687,488	100%	-
12/31/2008	690,043	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008 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, 2008 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, 2010, the most recent actuarial valuation date, the plan was 74.08 percent funded. The actuarial accrued liability for benefits was \$24,403,938 and the actuarial value of assets was \$18,078,622, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,325,316. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$8,741,518 and the ratio of the UAAL to the covered payroll was 72 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.

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

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 on contributions at his or her 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 he or she received pension payments. In each January thereafter, the police 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.

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.

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

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. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Police Pension is fully funded. The Entry Age Normal Cost actuarial funding method is used to determine contribution.

Annual Pension Cost

Employer and employee contributions of \$2,108,151 and \$521,118 were made to the Plan during the year ended April 30, 2011. 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, 2010 and was used for the contribution for the year ended April 30, 2011.

Subsequent Changes

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.

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.

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

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.

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. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Firemen's Pension Plan is fully funded. The Entry Age Normal Cost actuarial funding method is used to determine contributions.

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

Annual Pension Cost

Employer and employee contributions of \$2,252,520 and \$369,873 were made to the Plan during the year ended April 30, 2011. 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, 2010 and was used for the contribution for the year ended April 30, 2011.

Subsequent Changes

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.

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

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

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 \$530,924 during the year ended April 30, 2011. These payments are being reported as development expense in the financial statements. The note balances related to this project in the amounts of \$6,639,076, \$6,639,076, \$2,601,731, and \$2,601,731 are still outstanding and not reflected in the debt of the City as of April 30, 2011.

The City made payments to reduce the principal amount of the Tax Increment Financing notes for the Carlyle/Green Mount Redevelopment Project Area agreement by \$393,802 during the year ended April 30, 2011. These payments are being reported as development expense in the financial statements. The note balance related to this project of \$19,406,197 is still outstanding and not reflected in the debt of the City as of April 30, 2011.

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, 2011 amounted to \$22,734 and were reported as development expense. The balance of the Temporary Notes as of April 30, 2011 is \$1,186,520.

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, 2011:

	<u>General</u>	<u>Other Major Funds</u>	<u>Enterprise Funds</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Unbilled Revenue	\$ -	\$ -	\$ 281,379	\$ -	\$ 281,379
Notes	-	95,000	-	500,000	595,000
Accounts	-	-	826,391	-	826,391
	<u>-</u>	<u>95,000</u>	<u>1,107,770</u>	<u>500,000</u>	<u>1,702,770</u>
Gross Receivables	-	95,000	1,107,770	500,000	1,702,770
Less: Allowance for uncollectible	-	-	97,300	-	97,300
	<u>-</u>	<u>-</u>	<u>97,300</u>	<u>-</u>	<u>97,300</u>
Net Total Receivables	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 1,010,470</u>	<u>\$ 500,000</u>	<u>\$ 1,605,470</u>

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

NOTE 9: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended April 30, 2011:

General Fund Transfer From:	
Motor Fuel Tax Fund	\$ 300,000
Tax Increment Financing Fund	1,098,126
MVPSF Fund	219,722
Tax Increment Financing Fund Transfer (To):	
General Fund	(1,098,126)
Sewerage Fund	(1,000,000)
TIF Debt Service Fund	(467,840)
Parks Project Fund	(43,285)
TIF Debt Service Fund Transfer From:	
Tax Increment Financing Fund	467,840
Parks Project Fund Transfer From:	
Tax Increment Financing Fund	43,285
Motor Fuel Tax Fund Transfer (To):	
General Fund	(300,000)
Sewerage Fund Transfer From:	
Tax Increment Financing Fund	1,000,000
MVPSF Fund Transfer (To):	
General Fund	<u>(219,722)</u>
	<u>\$ -</u>

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

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

The following is a schedule of interfund receivables and payables for the year ending April 30, 2011.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,192,075	\$ 897,198
Illinois Municipal Retirement Fund	-	180,000
Insurance Fund	-	983,257
Tax Increment Financing Fund	897,198	-
Swimming Pool Fund	-	<u>28,818</u>
Totals	<u>\$ 2,089,273</u>	<u>\$ 2,089,273</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

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

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	\$ 883,654
Interest on OPEB obligation	1,335
Adjustment to ARC	--
Annual OPEB cost	<u>884,989</u>
Contributions made	<u>(379,788)</u>
Increase in OPEB	505,201
Net OPEB – Beg of Year	<u>313,159</u>
Net OPEB – End of Year	<u>\$ 818,360</u>

The City's annual OPEB costs, the percentages of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 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>
04/30/11	\$ 884,989	42.91%	\$ 818,360
04/30/10	846,794	63.02%	313,159

Funding Status and Funding Progress. As of May 1, 2010, 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 \$10,491,002. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$16,250,408 and the ratio of the UAAL to the covered payroll was 64.56 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

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

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, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0 percent for 2011, reduced by decrements to an ultimate rate of 4.50 percent after ten years. These rates include a 3.5 percent wage inflation assumption and a discount rate of 4.00 percent. The UAAL is being amortized on a level percent open basis. The remaining amortization period at May 1, 2009, was 18 years for the Playground and Recreation group, 16 years for the Library group, and 30 years for all other groups.

NOTE 12: OTHER CHANGE IN NET ASSETS

During the current fiscal year, the City eliminated the Motor Vehicle Parking System Fund and transferred the remaining assets and operations to the General Fund. Included in the assets of the Motor Vehicle Parking System Fund were undepreciated fixed assets of \$1,042,181. Due the City not maintaining or reporting fixed assets in the Governmental Activities, the remaining balance has been reported as a decrease by using the caption Other Change in Net Assets in the Enterprise Funds and on the Statement of Activities.

NOTE 13: SUBSEQUENT EVENT

The City has evaluated events occurring after the financial statement date through August 31, 2011 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, 2011

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Local Taxes:			
Hotel/Motel	\$ 75,000	\$ 75,000	\$ 43,198
Utility	3,400,000	3,400,000	3,210,737
Total Taxes	3,475,000	3,475,000	3,253,935
Licenses, Permits and Fees:			
Liquor	78,750	78,750	74,374
Franchise Fees	410,000	410,000	481,617
Business	33,000	33,000	36,260
Building Permits	125,000	125,000	156,975
Electrical Permits	30,350	30,350	23,920
Other Permits	5,750	5,750	16,216
Occupancy Permits	147,000	147,000	139,855
Housing Inspection Permits	150,000	150,000	139,360
Fire Inspection Fees	75,000	75,000	60,219
Vehicle Registration Fees	650,000	650,000	506,871
Other Fees	10,950	10,950	24,527
Total Licenses and Permits	1,715,800	1,715,800	1,660,194
Intergovernmental:			
State Income Tax	2,900,000	2,900,000	3,893,913
Sales Tax	7,264,000	7,264,000	6,911,882
Local Use Tax	546,000	546,000	626,987
Personal Property Replacement Tax	220,000	220,000	264,763
Grants	174,580	174,580	1,057,618
Telecommunications Tax	1,825,000	1,825,000	1,679,255
Total Intergovernmental	12,929,580	12,929,580	14,434,418
Charges for Services:			
Trash Disposal Charges	3,064,600	3,064,600	3,040,175
Cemetery Fees	75,825	75,825	57,337
Rent/Lease	81,800	81,800	76,480
Total Charges for Services	3,222,225	3,222,225	3,173,992
Fines and Forfeitures:			
Police and Circuit Clerk Fines	281,000	281,000	359,297
Seizures and Forfeitures	8,000	8,000	2,349
Total Fines and Forfeitures	289,000	289,000	361,646
Interest	5,149	5,149	3,879

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2011

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts (continued):			
Miscellaneous:			
Donations	19,210	19,210	510,874
Departmental Reimbursement	660,350	660,350	385,130
Other	28,100	28,100	110,213
Total Miscellaneous	<u>707,660</u>	<u>707,660</u>	<u>1,006,217</u>
 Total Receipts	 <u>\$ 22,344,414</u>	 <u>\$ 22,344,414</u>	 <u>\$ 23,894,281</u>
Disbursements:			
General Government:			
Administrative:			
Personal Services	\$ 450,748	\$ 552,548	\$ 550,165
Contractual Services	1,436,250	1,425,350	1,442,264
Commodities	37,000	48,000	45,459
Capital Outlay	4,500	4,500	3,787
Debt Service	220,102	721,587	764,411
Other	195,000	203,600	177,611
	<u>2,343,600</u>	<u>2,955,585</u>	<u>2,983,697</u>
Legal:			
Personal Services	176,896	175,696	175,590
Contractual Services	26,820	33,320	31,119
Commodities	300	-	-
	<u>204,016</u>	<u>209,016</u>	<u>206,709</u>
Health and Housing:			
Personal Services	706,213	706,213	639,856
Contractual Services	145,800	141,175	67,380
Commodities	20,200	22,700	21,571
Capital Outlay	2,000	4,125	3,688
	<u>874,213</u>	<u>874,213</u>	<u>732,495</u>
Mayor's Office:			
Personal Services	181,696	189,296	189,214
Contractual Services	4,500	4,200	3,969
Commodities	3,450	3,750	3,675
	<u>189,646</u>	<u>197,246</u>	<u>196,858</u>
Finance:			
Personal Services	163,128	164,828	164,712
Contractual Services	3,645	1,745	1,722
Commodities	1,800	2,000	1,968
	<u>168,573</u>	<u>168,573</u>	<u>168,402</u>

CITY OF BELLEVILLE, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2011**

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Disbursements (continued):			
Human Resources:			
Personal Services	95,652	95,652	94,431
Contractual Services	30,650	29,350	13,419
Commodities	800	800	435
Capital Outlay	-	1,300	1,278
	<u>127,102</u>	<u>127,102</u>	<u>109,563</u>
City Clerk:			
Personal Services	260,520	260,520	255,513
Contractual Services	10,400	10,400	1,379
Commodities	3,700	3,700	2,101
	<u>274,620</u>	<u>274,620</u>	<u>258,993</u>
Treasurer:			
Personal Services	\$ 105,997	\$ 138,697	\$ 138,075
Contractual Services	6,600	7,450	7,172
Commodities	2,000	2,000	1,877
Capital Outlay	-	250	250
	<u>114,597</u>	<u>148,397</u>	<u>147,374</u>
Maintenance:			
Personal Services	498,311	514,311	507,755
Contractual Services	173,350	157,350	110,028
Commodities	30,600	30,600	17,590
Other	1,000	1,000	-
	<u>703,261</u>	<u>703,261</u>	<u>635,373</u>
Total General Government	<u>4,999,628</u>	<u>5,658,013</u>	<u>5,439,464</u>
Public Safety:			
Police Department:			
Personal Services	7,244,993	7,754,993	7,693,243
Contractual Services	597,800	609,497	549,837
Commodities	245,500	272,375	253,207
Capital Outlay	31,000	59,525	168,774
Debt Service	-	-	40,530
Other	62,200	32,300	11,044
	<u>8,181,493</u>	<u>8,728,690</u>	<u>8,716,635</u>
Fire Department:			
Personal Services	4,692,444	4,732,444	4,711,605
Contractual Services	524,000	480,530	443,435
Commodities	71,000	84,000	70,442
Capital Outlay	35,000	971,307	825,107
Other	6,400	6,400	1,214
	<u>5,328,844</u>	<u>6,274,681</u>	<u>6,051,803</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2011

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Disbursements (continued):			
Public Safety:			
Board of Police and Fire Commissioners:			
Contractual Services	7,700	7,700	7,535
	<u>7,700</u>	<u>7,700</u>	<u>7,535</u>
Total Public Safety	<u>13,518,037</u>	<u>15,011,071</u>	<u>14,775,973</u>
Public Works:			
Personal Services	\$ 1,207,089	\$ 1,217,289	\$ 1,215,441
Contractual Services	261,700	251,500	178,050
Commodities	206,200	206,200	170,358
Total Public Works	<u>1,674,989</u>	<u>1,674,989</u>	<u>1,563,849</u>
Parks and Recreation:			
Personal Services	481,897	481,897	459,742
Contractual Services	213,295	213,295	156,646
Commodities	103,800	103,800	69,639
Capital Outlay	2,000	2,000	1,068
Total Parks and Recreation	<u>800,992</u>	<u>800,992</u>	<u>687,095</u>
Health and Sanitation:			
Personal Services	1,038,447	1,051,547	1,050,416
Contractual Services	899,400	929,300	926,563
Commodities	190,400	275,225	274,807
Capital Outlay	-	19,184	19,184
Total Health and Sanitation	<u>2,128,247</u>	<u>2,275,256</u>	<u>2,270,970</u>
Cemetery:			
Personal Services	239,095	281,195	279,004
Contractual Services	87,200	40,100	35,391
Commodities	19,500	26,500	22,175
Capital Outlay	2,500	500	165
Total Cemetery	<u>348,295</u>	<u>348,295</u>	<u>336,735</u>
Engineering:			
Personal Services	314,134	314,134	232,068
Contractual Services	19,900	23,100	21,179
Commodities	11,250	9,250	7,199
Capital Outlay	2,200	1,000	726
Total Engineering	<u>347,484</u>	<u>347,484</u>	<u>261,172</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
Disbursements (continued):			
Planning & Economic Development:			
Personal Services	190,078	190,078	177,456
Contractual Services	50,550	50,550	4,650
Commodities	4,700	4,180	1,031
Capital Outlay	120	640	639
Total Planning & Economic Development	<u>245,448</u>	<u>245,448</u>	<u>183,776</u>
 Total Disbursements	 <u>\$ 24,063,120</u>	 <u>\$ 26,361,548</u>	 <u>\$ 25,519,034</u>
 Excess (Deficiency) of Receipts Over Disbursements	 <u>(1,718,706)</u>	 <u>(4,017,134)</u>	 <u>(1,624,753)</u>
 Other Financing Sources:			
Proceeds From Debt	-	-	147,404
Proceeds From Fixed Asset Sales	-	-	3,793
Transfers In	1,703,126	1,703,126	1,617,848
Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
 Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	 <u>\$ (20,580)</u>	 <u>\$ (2,319,008)</u>	 <u>144,292</u>
 No change for Modified Cash Basis			-
As reported on the Statement of Revenues and Expenditures Arising from Modified Cash Basis Transactions			 <u>\$ 144,292</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Receipts:			
Property Tax	\$ 16,973,600	\$ 16,973,600	\$ 18,001,644
Intergovernmental	40,000	40,000	2,845,762
Interest	48,610	48,610	34,713
Miscellaneous	460,000	460,000	905,278
Total Receipts	<u>17,522,210</u>	<u>17,522,210</u>	<u>21,787,397</u>
Disbursements:			
Current:			
Development:			
Contractual Services	1,490,550	1,887,028	3,491,201
Commodities	-	-	-
Tax District Reimbursements and Rebates	9,043,000	10,365,000	8,162,783
Capital Outlay	5,650,100	6,731,690	3,980,821
Debt Service	900,000	889,000	5,008,525
Total Disbursements	<u>17,083,650</u>	<u>19,872,718</u>	<u>20,643,330</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>438,560</u>	<u>(2,350,508)</u>	<u>1,144,067</u>
Other Financing Sources:			
Transfers In	2,183,000	2,183,000	2,080,973
Transfers Out	(4,527,596)	(4,761,096)	(4,690,224)
Proceeds from Debt	-	-	5,255,060
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (1,906,036)</u>	<u>\$ (4,928,604)</u>	3,789,876
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>\$ 3,789,876</u>

CITY OF BELLEVILLE, ILLINOIS

SCHEDULE OF POLICE AND FIREMEN'S PENSION
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2011

	Fiscal Year					
	2010	2009	2008	2007	2006	2005
Police Pension						
Actuarial Value of Assets	\$ 27,237,432	\$ 24,749,786	\$ 26,714,683	\$ 25,908,985	\$ 24,129,838	\$ 21,744,548
Actuarial Accrued Liability (AAL)	53,298,794	51,593,156	50,286,199	47,441,193	45,985,765	42,875,778
Unfunded AAL (UAAL)	26,061,362	26,843,370	23,571,516	21,532,208	21,855,927	21,131,230
Funded Ratio	51.10%	47.97%	53.13%	54.61%	52.47%	50.72%
Covered Payroll	4,391,064	4,631,274	4,609,585	4,524,231	4,581,939	4,146,643
UAAL as a % of Covered Payroll	593.51%	579.61%	511.36%	475.93%	477.00%	509.60%
Employer Contributions:						
Required	2,029,481	2,048,685	1,842,221	1,704,830	1,696,498	1,565,414
Made	2,118,884	1,895,256	1,827,843	1,688,470	1,475,788	1,471,130
Percentage of Employer Contributions Made to Required Contributions	104.41%	92.51%	99.22%	99.04%	86.99%	93.98%
Firemen's Pension						
Actuarial Value of Assets	\$ 17,876,812	\$ 15,420,492	\$ 17,841,516	\$ 17,822,856	\$ 16,875,429	\$ 15,920,855
Actuarial Accrued Liability (AAL)	45,017,159	45,817,959	43,947,392	39,912,683	38,403,926	36,914,799
Unfunded AAL (UAAL)	27,140,347	30,397,467	26,105,876	22,089,827	21,528,497	20,993,944
Funded Ratio	39.71%	33.66%	40.60%	44.65%	43.94%	43.13%
Covered Payroll	3,643,002	3,406,651	2,957,161	2,762,196	2,840,167	2,798,305
UAAL as a % of Covered Payroll	745.00%	892.30%	882.80%	799.72%	758.00%	750.24%
Employer Contributions:						
Required	2,169,760	2,236,096	1,880,366	1,623,060	1,584,976	1,523,412
Made	2,313,723	1,939,256	1,739,499	1,583,469	1,471,157	1,482,827
Percentage of Employer Contributions Made to Required Contributions	106.63%	86.73%	92.51%	97.56%	92.82%	97.34%

2009 is the latest year for which a tax was levied and collected. The 2010 actuarial estimate is levied in December 2010 and collected in fiscal year 2012.

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:	23.1699 Years
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Interest Rate	7.0 %
Salary Progression	5.5 %
Cost of Living Adjustments	3.0 %

CITY OF BELLEVILLE, ILLINOIS

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2011

	Calendar Year					
	2010	2009	2008	2007	2006	2005
Actuarial Value of Assets	\$ 18,078,622	\$ 18,138,408	\$ 16,960,438	\$ 21,330,030	\$ 20,908,658	\$ 18,946,696
Actuarial Accrued Liability (AAL)	24,403,938	23,374,459	21,507,422	21,137,907	21,013,144	19,635,179
Unfunded AAL (UAAL)	6,325,316	5,236,051	4,546,984	(192,123)	104,486	688,483
Funded Ratio	74.08%	77.60%	78.86%	100.91%	99.50%	96.49%
Covered Payroll	8,741,518	8,384,000	8,185,562	7,804,878	7,383,412	7,108,581
UAAL as a % of Covered Payroll	72.36%	62.45%	55.55%	0.00%	1.42%	9.69%
Employer Contributions:						
Required	1,007,023	687,488	690,043	705,561	687,396	432,202
Made	788,485	687,488	690,043	705,561	687,396	432,202
Percentage of Employer Contributions Made to Required Contributions	78.00%	100.00%	100.00%	100.00%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$19,490,654.
On a market basis, the funded ratio would be 79.87 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, 2011**

	May 1, 2010	May 1, 2009
Actuarial Value of Assets	\$ -	\$ -
Actuarial Accrued Liability (AAL)	10,491,002	9,940,095
Unfunded AAL (UAAL)	10,491,002	9,940,095
Funded Ratio	0.00%	0.00%
Covered Payroll	16,250,408	15,700,877
UAAL as a % of Covered Payroll	64.56%	63.30%
Employer Contributions:		
Required	883,654	846,794
Made	379,788	533,635
Percentage of Employer Contributions Made to Required Contributions	42.98%	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 Percent Open
Remaining Amortization Period:	16 to 30 years depending on group
Actuarial Assumptions:	
Discount Rate	4.0%
Wage Inflation	3.5%
Healthcare Trend	4.00% in 2009, 8.00% thereafter decreasing to 4.50% ultimate trend in 0.5 increments

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
 NONMAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2011

	Total Special Revenue	Debt Service			Total	Capital Projects Fund	Permanent Fund Cemetery Care	Total Nonmajor Government Funds
		Special Service Area	2005 Bond Fund	TIF				
<u>Assets</u>								
Cash and Cash Equivalents	\$ 3,066,984	\$ 245,608	\$ 892,706	\$ 948,131	\$ 2,086,445	\$ 73,841	\$ 180,003	\$ 5,407,273
Investments	-	-	-	-	-	-	70,427	70,427
Note Receivable	500,000	-	-	-	-	-	-	500,000
Land	-	-	-	-	-	-	33,750	33,750
Total Assets	\$ 3,566,984	\$ 245,608	\$ 892,706	\$ 948,131	\$ 2,086,445	\$ 73,841	\$ 284,180	\$ 6,011,450
<u>Liabilities and Fund Balance</u>								
Liabilities:								
Due to Other Funds	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,000
Total Liabilities	180,000	-	-	-	-	-	-	180,000
Fund Balances:								
Reserved For:								
Debt Service	-	245,608	892,706	948,131	2,086,445	-	-	2,086,445
Other Purposes	643,362	-	-	-	-	-	284,180	927,542
Unreserved	2,743,622	-	-	-	-	73,841	-	2,817,463
Total Fund Balances	3,386,984	245,608	892,706	948,131	2,086,445	73,841	284,180	5,831,450
Total Liabilities and Fund Balances	\$ 3,566,984	\$ 245,608	\$ 892,706	\$ 948,131	\$ 2,086,445	\$ 73,841	\$ 284,180	\$ 6,011,450

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, 2011

	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	\$ 2,706,099	\$ 103,171	\$ -	\$ -	\$ -	\$ -	\$ 2,809,270
Intergovernmental	2,109,109	-	1,143,748	-	-	-	3,252,857
Local Tax	36,462	-	-	-	-	-	36,462
Charges for Services	479,490	-	-	-	-	1,364	480,854
Fines and Forfeitures	19,565	-	-	-	-	-	19,565
Investment Income	7,042	1,003	1,968	2,516	368	4,174	17,071
Contributions	47,037	-	-	-	-	-	47,037
Miscellaneous	171,672	-	-	-	-	-	171,672
Total Revenues	5,576,476	104,174	1,145,716	2,516	368	5,538	6,834,788
Expenditures:							
Current:							
General Government	1,629,560	-	-	-	-	-	1,629,560
Public Works	468,786	-	-	-	-	-	468,786
Cultural and Recreational	1,885,799	-	-	-	-	-	1,885,799
Development	500,000	-	-	-	-	-	500,000
Capital Outlay	212,797	-	-	-	46,093	8,500	267,390
Debt Service:							
Principal	40,000	50,000	610,000	215,000	-	-	915,000
Interest and Fiscal Charges	13,771	51,288	548,404	33,373	-	-	646,836
Total Expenditures	4,750,713	101,288	1,158,404	248,373	46,093	8,500	6,313,371
Excess (Deficiency) of Revenues Over Expenditures	825,763	2,886	(12,688)	(245,857)	(45,725)	(2,962)	521,417
Other Financing Sources (Uses):							
Proceeds From Debt	500,000	-	-	-	-	-	500,000
Transfers In	43,285	-	-	467,840	-	-	511,125
Transfers Out	(300,000)	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	243,285	-	-	467,840	-	-	711,125
Net Change in Fund Balances	1,069,048	2,886	(12,688)	221,983	(45,725)	(2,962)	1,232,542
Fund Balances, Beginning of Year	2,317,936	242,722	905,394	726,148	119,566	287,142	4,598,908
Fund Balances, End of Year	\$ 3,386,984	\$ 245,608	\$ 892,706	\$ 948,131	\$ 73,841	\$ 284,180	\$ 5,831,450

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
APRIL 30, 2011

	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
<u>Assets</u>											
Cash and Cash Equivalents	\$ 140,809	\$ 669,920	\$ 737,956	\$ 83,902	\$ 530,081	\$ 632,185	\$ 20,016	\$ 2,553	\$ 249,562	\$ -	\$ 3,066,984
Note Receivable	-	-	-	-	-	-	-	-	-	500,000	500,000
Total Assets	\$ 140,809	\$ 669,920	\$ 737,956	\$ 83,902	\$ 530,081	\$ 632,185	\$ 20,016	\$ 2,553	\$ 249,562	\$ 500,000	\$ 3,566,984
<u>Liabilities and Fund Balance</u>											
Liabilities:											
Due to Other Funds	\$ -	\$ -	\$ -	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,000
Total Liabilities	-	-	-	180,000	-	-	-	-	-	-	180,000
Fund Balance:											
Reserved	140,809	-	-	-	-	-	-	2,553	-	500,000	643,362
Unreserved	-	669,920	737,956	(96,098)	530,081	632,185	20,016	-	249,562	-	2,743,622
Total Fund Balance	140,809	669,920	737,956	(96,098)	530,081	632,185	20,016	2,553	249,562	500,000	3,386,984
Total Liabilities and Fund Balance	\$ 140,809	\$ 669,920	\$ 737,956	\$ 83,902	\$ 530,081	\$ 632,185	\$ 20,016	\$ 2,553	\$ 249,562	\$ 500,000	\$ 3,566,984

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, 2011

	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	\$ -	\$ 347,433	\$ -	\$ 929,127	\$ 1,091,695	\$ 310,003	\$ -	\$ -	\$ 27,841	\$ -	\$ 2,706,099
Intergovernmental	34,577	15,378	1,353,627	85,647	119,880	-	-	-	-	500,000	2,109,109
Local Tax	-	-	-	-	-	-	36,462	-	-	-	36,462
Charges for Services	-	398,932	51,741	-	28,817	-	-	-	-	-	479,490
Fines and Forfeitures	-	-	-	-	19,565	-	-	-	-	-	19,565
Investment Income	281	1,515	1,170	440	1,237	1,500	57	14	828	-	7,042
Contributions	-	39,171	-	-	3,366	-	-	4,500	-	-	47,037
Miscellaneous	-	1,929	266	8,789	15,845	134,257	-	100	-	10,486	171,672
Total Revenues	34,858	804,358	1,406,804	1,024,003	1,280,405	445,760	36,519	4,614	28,669	510,486	5,576,476
Expenditures:											
Current:											
General Government	-	-	-	1,085,356	-	485,668	58,536	-	-	-	1,629,560
Public Works	-	-	414,805	-	-	-	-	-	53,981	-	468,786
Cultural and Recreational Development	-	679,801	-	-	1,198,495	-	-	7,503	-	-	1,885,799
Debt Service:											
Principal	40,000	-	-	-	-	-	-	-	-	-	40,000
Interest and Fiscal Charges	3,285	-	-	-	-	-	-	-	-	10,486	13,771
Capital Outlay	96,604	-	93,702	-	22,491	-	-	-	-	-	212,797
Total Expenditures	139,889	679,801	508,507	1,085,356	1,220,986	485,668	58,536	7,503	53,981	510,486	4,750,713
Excess (Deficiency) of Revenues Over Expenditures	(105,031)	124,557	898,297	(61,353)	59,419	(39,908)	(22,017)	(2,889)	(25,312)	-	825,763
Other Financing Sources (Uses):											
Proceeds From Debt	-	-	-	-	-	-	-	-	-	500,000	500,000
Operating Transfers In	43,285	-	-	-	-	-	-	-	-	-	43,285
Operating Transfers Out	-	-	(300,000)	-	-	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	43,285	-	(300,000)	-	-	-	-	-	-	500,000	243,285
Net Change in Fund Balances	(61,746)	124,557	598,297	(61,353)	59,419	(39,908)	(22,017)	(2,889)	(25,312)	500,000	1,069,048
Fund Balance, Beginning of Year	202,555	545,363	139,659	(34,745)	470,662	672,093	42,033	5,442	274,874	-	2,317,936
Fund Balance, End 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

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

APRIL 30, 2011

	<u>Motor Vehicle Parking System</u>	<u>Swimming Pool</u>	<u>Total</u>
<u>Assets:</u>			
Current Assets:			
Cash	\$ -	\$ 404	\$ 404
Prepaid Expenses	-	3,194	3,194
Total Current Assets	<u>-</u>	<u>3,598</u>	<u>3,598</u>
Noncurrent Assets:			
Capital Assets:			
Buildings and Improvements	-	188,054	188,054
Equipment	-	590,711	590,711
Total	<u>-</u>	<u>778,765</u>	<u>778,765</u>
Less - Accumulated Depreciation	-	(774,283)	(774,283)
Net Capital Assets	<u>-</u>	<u>4,482</u>	<u>4,482</u>
Total Assets	<u>\$ -</u>	<u>\$ 8,080</u>	<u>\$ 8,080</u>
<u>Liabilities:</u>			
Current Liabilities:			
Due to Other Funds	\$ -	\$ 28,818	\$ 28,818
Total Current Liabilities	<u>-</u>	<u>28,818</u>	<u>28,818</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	-	4,482	4,482
Unrestricted	-	(25,220)	(25,220)
Total Net Assets	<u>\$ -</u>	<u>\$ (20,738)</u>	<u>\$ (20,738)</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2011

	<u>Motor Vehicle Parking System</u>	<u>Swimming Pool</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	<u>\$ 1,632</u>	<u>\$ 70,833</u>	<u>\$ 72,465</u>
Operating Expenses:			
Personal Services	818	43,121	43,939
Supplies	257	12,872	13,129
Contractual Services	4,104	24,639	28,743
Depreciation	-	1,089	1,089
Total Operating Expenses	<u>5,179</u>	<u>81,721</u>	<u>86,900</u>
Operating Income (Loss)	<u>(3,547)</u>	<u>(10,888)</u>	<u>(14,435)</u>
Nonoperating Revenues:			
Investment Earnings	42	7	49
Total Nonoperating Revenues	<u>42</u>	<u>7</u>	<u>49</u>
Income (Loss) Before Transfers	(3,505)	(10,881)	(14,386)
Transfers In (Out)	(219,722)	-	(219,722)
Change in Net Assets	<u>(223,227)</u>	<u>(10,881)</u>	<u>(234,108)</u>
Net Assets - Beginning of Year	<u>1,265,408</u>	<u>(9,857)</u>	<u>1,255,551</u>
Other Change in Net Assets	(1,042,181)	-	(1,042,181)
Net Assets - End of Year	<u>\$ -</u>	<u>\$ (20,738)</u>	<u>\$ (20,738)</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2011

	<u>Motor Vehicle Parking System</u>	<u>Swimming Pool</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,632	\$ 70,833	\$ 72,465
Payments to Suppliers	(5,627)	(40,376)	(46,003)
Payments to Employees	(13,562)	(40,064)	(53,626)
Net Cash Provided (Used) by Operating Activities	<u>(17,557)</u>	<u>(9,607)</u>	<u>(27,164)</u>
Cash Flows from Noncapital Financing Activities:			
Payments from (to) Other Funds	(219,722)	9,471	(210,251)
Net Cash Provided by Noncapital Financing Activities	<u>(219,722)</u>	<u>9,471</u>	<u>(210,251)</u>
Cash Flows from Investing Activities:			
Interest Received	42	7	49
Net Cash Provided by Investing Activities	<u>42</u>	<u>7</u>	<u>49</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(237,237)	(129)	(237,366)
Cash and Cash Equivalents, Beginning of Year	<u>237,237</u>	<u>533</u>	<u>237,770</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 404</u>	<u>\$ 404</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (3,547)	\$ (10,888)	\$ (14,435)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	-	1,089	1,089
(Increase) Decrease in Assets:			
Prepaid Expenses	2,032	192	2,224
Increase (Decrease) in Liabilities:			
Accrued Payroll and Benefits	(16,042)	-	(16,042)
Net Cash Provided (Used) by Operating Activities	<u>\$ (17,557)</u>	<u>\$ (9,607)</u>	<u>\$ (27,164)</u>

CITY OF BELLEVILLE, ILLINOIS

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

APRIL 30, 2011

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash	\$ 371,178	\$ 112,118	\$ 483,296
Total Assets	<u>\$ 371,178</u>	<u>\$ 112,118</u>	<u>\$ 483,296</u>
<u>Liabilities</u>			
Current Liabilities:			
Due to Other Funds	\$ -	\$ 983,257	\$ 983,257
Total Current Liabilities	<u>-</u>	<u>983,257</u>	<u>983,257</u>
<u>Net Assets</u>			
Unrestricted	371,178	(871,139)	(499,961)
Total Net Assets	<u>\$ 371,178</u>	<u>\$ (871,139)</u>	<u>\$ (499,961)</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, 2011

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	<u>\$ -</u>	<u>\$ 4,209,186</u>	<u>\$ 4,209,186</u>
Operating Expenses:			
Personal Services	<u>-</u>	<u>3,941,458</u>	<u>3,941,458</u>
Total Operating Expenses	<u>-</u>	<u>3,941,458</u>	<u>3,941,458</u>
Operating Income	<u>-</u>	<u>267,728</u>	<u>267,728</u>
Nonoperating Revenues:			
Property Tax	-	297,663	297,663
Investment Earnings	857	167	1,024
Total Nonoperating Revenues	<u>857</u>	<u>297,830</u>	<u>298,687</u>
Change in Net Assets	857	565,558	566,415
Net Assets, Beginning of Year	<u>370,321</u>	<u>(1,436,697)</u>	<u>(1,066,376)</u>
Net Assets, End of Year	<u>\$ 371,178</u>	<u>\$ (871,139)</u>	<u>\$ (499,961)</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
APRIL 30, 2011

	<u>Police Pension</u>	<u>Firemen's Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 3,833,553	\$ 1,492,075	\$ 5,325,628
Investments, at Market	23,259,158	16,123,938	39,383,096
Receivables:			
Taxes Receivable	2,038,558	2,189,546	4,228,104
Interest Receivable	164,312	49,520	213,832
Total Assets	<u>29,295,581</u>	<u>19,855,079</u>	<u>49,150,660</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 29,295,581</u>	<u>\$ 19,855,079</u>	<u>\$ 49,150,660</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2011

	<u>Police Pension</u>	<u>Firemen's Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employee Contributions	\$ 521,118	\$ 369,873	\$ 890,991
Employer Contributions:			
Property Taxes	2,022,624	2,172,062	4,194,686
Personal Property Replacement Taxes	85,527	80,458	165,985
Total Contributions	<u>2,629,269</u>	<u>2,622,393</u>	<u>5,251,662</u>
Investment Income:			
Interest and Dividend Income	484,985	387,419	872,404
Gain on Sales of Securities	165,706	293,795	459,501
Net Appreciation in Fair Market Value of Investments	1,424,810	990,507	2,415,317
	<u>2,075,501</u>	<u>1,671,721</u>	<u>3,747,222</u>
Less Investment Expense	(74,046)	(52,601)	(126,647)
Total Investment Income	<u>2,001,455</u>	<u>1,619,120</u>	<u>3,620,575</u>
Reimbursements	<u>62</u>	<u>1,916</u>	<u>1,978</u>
Total Additions	<u>4,630,786</u>	<u>4,243,429</u>	<u>8,874,215</u>
Deductions:			
Benefits Paid to Participants:			
Service and Disability	2,300,704	2,036,881	4,337,585
Dependents	282,625	467,185	749,810
Refund of Contributions	-	10,174	10,174
Professional Fees	14,329	24,765	39,094
Other	15,130	5,401	20,531
Total Deductions	<u>2,612,788</u>	<u>2,544,406</u>	<u>5,157,194</u>
Net Increase	2,017,998	1,699,023	3,717,021
Net Assets Held in Trust for Pension Benefits:			
Beginning of Year	<u>27,277,583</u>	<u>18,156,056</u>	<u>45,433,639</u>
End of Year	<u>\$ 29,295,581</u>	<u>\$ 19,855,079</u>	<u>\$ 49,150,660</u>

CITY OF BELLEVILLE, ILLINOIS
SCHEDULE OF ASSESSED VALUATION, TAX RATES,
EXTENSIONS AND COLLECTIONS
(UNAUDITED)
APRIL 30, 2011

Levy Year	Total Assessed Valuation	Tax Rates							
		Corporate Fund	Retirement Fund	Police Pension Fund	Firemen's Pension Fund	Library Fund	Liability Insurance Fund	Playground and Recreation Fund	Total Tax Fund
2000	\$ 298,341,576	\$ -	\$ 0.2082	\$ 0.2810	\$ 0.2985	\$ 0.2833	\$ -	\$ 0.0875	\$ 1.1585
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

Levy Year	Taxes Extended								
	Corporate Fund	Retirement Fund	Police Pension Fund	Firemen's Pension Fund	Library Fund	Liability Insurance Fund	Playground and Recreation Fund	Total Tax Fund	
2000	\$ -	\$ 621,147	\$ 838,339	\$ 890,549	\$ 845,206	\$ -	\$ 261,048	\$ 3,456,289	
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	

Levy Year	Taxes Collected			
	Total Taxes Extended	Total Taxes Collected	Percent of Current Year Taxes Collected	Current Year Uncollected Balance
2000	\$ 3,456,289	\$ 3,440,634	99.55%	\$ 15,655
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

CITY OF BELLEVILLE, ILLINOIS

**STATEMENT OF RECEIPTS AND DISBURSEMENTS
METRO EAST AUTO THEFT TASK FORCE
FOR THE YEAR ENDED APRIL 30, 2011**

Receipts:	
MEATTF Grant Receipts	\$ 638,710
Project Income	4,875
Interest Income	36
Total Receipts	<u>643,621</u>
Disbursements:	
Grant Disbursements:	
Personnel	<u>480,381</u>
Contractual Services:	
Secretary	24,960
Computer Consultant	8,058
Vehicle Lease	36,000
Vehicle Maintenance	33,191
Office Lease	18,455
Telephone Costs	12,705
Janitorial	2,400
Postage	1,449
Photocopier and Fax	4,792
Other	6,419
Travel	1,460
Total Contractual Services	<u>149,889</u>
Commodities:	
Operating	908
Office	5,993
Total Commodities	<u>6,901</u>
Equipment	<u>180,000</u>
Total Grant Disbursements	<u>817,171</u>
Project Income Disbursements	<u>9,333</u>
Total Disbursements	<u>826,504</u>
Excess of Receipts Over Disbursements	<u>\$ (182,883)</u>



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling
David L. Kamler
David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

**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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 31, 2011. 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

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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. Q. Schlosser & Company, LLC
Certified Public Accountants

August 31, 2011



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2011. 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, 2011.

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.

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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. J. Schlosser / Cogg, LLC
Certified Public Accountants

August 31, 2011

CITY OF BELLEVILLE, ILLINOIS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2011**

Federal Grantor/ Pass-through Grantor/ Program Title	CFDA Number	Agency or Pass-through Number	Program or Award Amount	Federal Disbursements/ Expenditures
<u>Environmental Protection Agency</u>				
Passed Through Illinois Environmental Protection Agency:				
Capitalization Grants for Clean Water	66.458	L17005200	\$ 2,820,396	<u>\$ 2,820,396</u>
<u>Department of Homeland Security</u>				
Direct Program:				
Assistance to Firefighters Grant	97.044	N/A	685,520	685,520
Fire Prevention and Safety Grant	97.044	N/A	140,999	58,573
Operations and Safety Grant	97.044	N/A	36,000	<u>36,000</u>
				<u>780,093</u>
Staffing for Adequate Fire and Emergency Response Grant	97.083	N/A	433,520	<u>151,720</u>
				<u>931,813</u>
<u>Department of Justice</u>				
Direct Program:				
COPS Hiring Program Grant	16.710	N/A	901,448	31,828
Passed Through Illinois Criminal Justice Information Authority:				
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	809201	39,099	39,099
				<u>70,927</u>
<u>Department of Housing and Urban Development</u>				
Passed Through Illinois Department of Commerce and Economic Opportunity:				
Community Development Block Grant	14.228	B-08-DI-17-0001	1,000,000	<u>1,000,000</u>
<u>Department of Energy</u>				
Direct Program:				
Energy Efficiency Block Grant	81.128	N/A	179,200	<u>121,300</u>
Total Federal Awards				<u><u>\$ 4,944,436</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, 2011

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, 2011.

Subrecipient Monitoring

The City provided funds to subrecipients for the following federal funds:

Community Development Block Grant	\$1,000,000
Assistance to Fire Firefighters Grant	448,065

CITY OF BELLEVILLE, ILLINOIS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
APRIL 30, 2011**

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 Assistance to Firefighters Grant-CFDA #97.044, Community Development Block Grant-CFDA #14.228, and Capitalization Grants for Clean Water-CFDA #66.458.
- (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, 2011**

None