



# EDER, CASELLA & Co.

A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

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***VILLAGE OF RICHMOND, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

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

VILLAGE OF RICHMOND  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Village of Richmond  
Richmond, Illinois

### **Report on Financial Statements**

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

#### VILLAGE OF RICHMOND

as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Richmond, as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 3 through 8 and 34 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Change in Accounting Principle

As discussed in Note 16 to the financial statements, the Village implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
August 12, 2014

REQUIRED SUPPLEMENTARY INFORMATION

# VILLAGE OF RICHMOND

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2014

As management of Village of Richmond (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at April 30, 2014 by \$8,524,077 (net position). Of this amount, \$1,383,634 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$351,232.
- At April 30, 2014, the Village's governmental funds reported combined ending fund balances of \$1,271,255, an increase of \$519,477 in comparison with the prior year.
- At April 30, 2014, the unassigned fund balance for the General Fund was \$947,918, an increase of \$446,106 in comparison with the prior year. Unassigned fund balance represents 79 percent of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Both perspectives (government-wide and fund level financial statements) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

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

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating when comparing year to year results.

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works and transportation, and parks. The business-type activities of the Village include water and sewer operations.

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from the other fund is presented as an other governmental fund because it is not considered a major fund.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Proprietary funds - The Village maintains one proprietary fund / enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for its water and sewer operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer operation, which is considered to be a major fund of the Village.

The basic proprietary fund financial statements can be found on pages 15 through 17 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 20 through 33 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in meeting its obligation to provide as fully adequate as possible services to its citizens.

The Village adopts an annual appropriations ordinance for its General Fund. An appropriations comparison statement has been provided for the General Fund to demonstrate compliance with this appropriations ordinance.

Required supplementary information can be found on pages 34 through 37 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,524,077 at April 30, 2014.

By far the largest portion of the Village's net position (78 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Village of Richmond's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
<b>ASSETS</b>						
Current and Other Assets	\$ 1,685,159	\$ 1,430,354	\$ 938,447	\$ 759,180	\$ 2,623,606	\$ 2,189,534
Capital Assets	1,230,219	1,275,081	12,971,980	13,127,186	14,202,199	14,402,267
Total Assets	<u>\$ 2,915,378</u>	<u>\$ 2,705,435</u>	<u>\$ 13,910,427</u>	<u>\$ 13,886,366</u>	<u>\$ 16,825,805</u>	<u>\$ 16,591,801</u>
<b>LIABILITIES</b>						
Long-Term Liabilities Outstanding	\$ 199,753	\$ 249,794	\$ 7,323,201	\$ 7,389,247	\$ 7,522,954	\$ 7,639,041
Other Liabilities	(98,265)	160,237	362,549	109,418	264,284	269,655
Total Liabilities	<u>\$ 101,488</u>	<u>\$ 410,031</u>	<u>\$ 7,685,750</u>	<u>\$ 7,498,665</u>	<u>\$ 7,787,238</u>	<u>\$ 7,908,696</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Property Taxes	\$ 514,490	\$ 520,660	\$ -	\$ -	\$ 514,490	\$ 520,660
Total Deferred Inflows of Resources	<u>\$ 514,490</u>	<u>\$ 520,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 514,490</u>	<u>\$ 520,660</u>
<b>NET POSITION</b>						
Investment in Capital Assets	\$ 1,034,336	\$ 1,029,157	\$ 5,648,779	\$ 5,737,939	\$ 6,683,115	\$ 6,767,096
Restricted	243,270	173,971	214,058	-	457,328	173,971
Unrestricted	1,021,794	571,616	361,840	649,762	1,383,634	1,221,378
Total Net Position	<u>\$ 2,299,400</u>	<u>\$ 1,774,744</u>	<u>\$ 6,224,677</u>	<u>\$ 6,387,701</u>	<u>\$ 8,524,077</u>	<u>\$ 8,162,445</u>

An additional portion of the Village's net position (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,383,634) may be used to meet the Village's ongoing obligations to citizens and creditors.

The Village's net position increased by \$351,232 during the year ended April 30, 2014.

Village of Richmond's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
Revenues						
Program Revenues						
Charges for Services	\$ 276,713	\$ 202,530	\$ 1,023,424	\$ 865,054	\$ 1,300,137	\$ 1,067,584
Operating Grants and Contributions	60,292	227,318	-	-	60,292	227,318
Capital Grants and Contributions	-	753	51,808	62,195	51,808	62,948
General Revenues						
Property Taxes	479,889	471,652	-	-	479,889	471,652
Other Taxes	855,243	724,406	-	-	855,243	724,406
Grants and Contributions not						
Restricted to Specific Activities	1,990	1,280	-	-	1,990	1,280
Unrestricted Investment Earnings	3,192	785	1,481	624	4,673	1,409
Gain/(Loss) on Sale of Capital Assets	(7,166)	(1,718)	1,712	-	(5,454)	(1,718)
Other	57,932	17,967	-	-	57,932	17,967
Total Revenues	<u>\$ 1,728,085</u>	<u>\$ 1,644,973</u>	<u>\$ 1,078,425</u>	<u>\$ 927,873</u>	<u>\$ 2,806,510</u>	<u>\$ 2,572,846</u>
Expenses						
General Government	\$ 393,871	\$ 558,476	\$ -	\$ -	\$ 393,871	\$ 558,476
Public Safety	486,374	517,517	-	-	486,374	517,517
Public Works and Transportation	265,458	230,287	-	-	265,458	230,287
Parks	45,513	48,001	-	-	45,513	48,001
Interest and Fees on Long-Term Debt	12,213	11,897	-	-	12,213	11,897
Water	-	-	536,126	473,109	536,126	473,109
Sewer	-	-	715,723	715,116	715,723	715,116
Total Expenses	<u>\$ 1,203,429</u>	<u>\$ 1,366,178</u>	<u>\$ 1,251,849</u>	<u>\$ 1,188,225</u>	<u>\$ 2,455,278</u>	<u>\$ 2,554,403</u>
Increase/(Decrease) in Net Position						
Before Transfers	\$ 524,656	\$ 278,795	\$ (173,424)	\$ (260,352)	\$ 351,232	\$ 18,443
Transfers	-	-	-	-	-	-
Increase/(Decrease) in Net Position	<u>\$ 524,656</u>	<u>\$ 278,795</u>	<u>\$ (173,424)</u>	<u>\$ (260,352)</u>	<u>\$ 351,232</u>	<u>\$ 18,443</u>
Net Position - Beginning	1,774,744	1,452,720	6,387,701	6,799,761	8,162,445	8,252,481
Net Position Adjustment	-	43,229	10,400	(151,708)	10,400	(108,479)
Net Position - Ending	<u>\$ 2,299,400</u>	<u>\$ 1,774,744</u>	<u>\$ 6,224,677</u>	<u>\$ 6,387,701</u>	<u>\$ 8,524,077</u>	<u>\$ 8,162,445</u>

**Governmental activities** - Governmental activities increased the Village's net position by \$524,656. In the prior fiscal year, governmental activities increased the Village's net position by \$278,795. The difference between years is mostly attributable to the Village instituting a Utility Tax to the residents.

**Business-type activities** - Business-type activities decreased the Village's net position by \$173,424. In the prior fiscal year, business-type activities decreased the Village's net position by \$260,352. There was an increase in the amount of revenue received this year that contributed to the lower decrease in net position.

## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

At April 30, 2014, the Village's governmental funds reported combined ending fund balances of \$1,271,255, an increase of \$519,477 in comparison with the prior year.

The General Fund is the chief operating fund of the Village. At April 30, 2014, unassigned fund balance of the General Fund was \$947,918. As a measure of the General Fund's liquidity, it may be useful to

compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 79 percent of total General Fund expenditures.

The fund balance of the Village’s General Fund increased by \$467,348 during the year ended April 30, 2014.

**Proprietary funds** - The Village’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$361,840. The total decrease in net position for the Water and Sewer Fund was \$173,424. Factors concerning the finances of this fund have already been addressed in the discussion of the Village’s business-type activities.

**GENERAL FUND APPROPRIATIONS HIGHLIGHTS**

Significant differences between the final appropriations and the actual revenues and expenditures are summarized as follows:

- The difference between the budgeted revenues and the actual revenues was \$125,535 (favorable) and was primarily due to receiving more than expected revenue for State Sales Tax, State Income Tax and Utility Tax offset by less than expected revenue from grants.
- The difference between budgeted expenditures and actual expenditures was \$201,206 (favorable) and was primarily due to less than expected contractual services expenditures related to general government, which was in turn primarily due to lower than expected bypass expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets** - The Village’s investment in capital assets for its governmental and business-type activities as of April 30, 2014 amounts to \$14,202,199 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, vehicles, equipment, infrastructure, and water and sewer systems.

Village of Richmond’s Capital Assets  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
Land	\$ 179,500	\$ 179,500	\$ 98,325	\$ 98,325	\$ 277,825	\$ 277,825
Land Improvements	78,312	93,273	-	-	78,312	93,273
Buildings	779,425	794,664	-	-	779,425	794,664
Vehicles	84,960	102,046	-	-	84,960	102,046
Equipment	85,938	81,411	101,239	116,952	187,177	198,363
Infrastructure	22,084	24,187	-	-	22,084	24,187
Water and Sewer Systems	-	-	12,772,416	12,911,909	12,772,416	12,911,909
<b>Total</b>	<b>\$ 1,230,219</b>	<b>\$ 1,275,081</b>	<b>\$ 12,971,980</b>	<b>\$ 13,127,186</b>	<b>\$ 14,202,199</b>	<b>\$ 14,402,267</b>

Major capital asset events during the current fiscal year included the following:

- Purchase of a new septic receiving plant - \$175,000
- Purchase of trench box - \$8,178
- Sold police and public works vehicles - \$50,366

Additional information on the Village’s capital assets can be found in note 3 on pages 27 and 28 of this report.

**Long-term debt** - At April 30, 2014, the Village had total debt outstanding of \$7,519,084. Of this amount, \$692,573 comprises debt backed by the full faith and credit of the Village. The remainder of the Village's debt (\$6,826,511) represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	Village of Richmond's Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
General Obligation Bonds	\$ 165,000	\$ 195,000	\$ -	\$ -	\$ 165,000	\$ 195,000
General Obligation Refunding Debt Certificates	-	-	455,000	500,000	455,000	500,000
Revenue Bonds	-	-	6,826,511	6,826,511	6,826,511	6,826,511
Notes Payable	-	5,917	-	11,835	-	17,752
Lease/Purchase Agreements	30,883	45,007	41,690	50,901	72,573	95,908
<b>Total</b>	<b>\$ 195,883</b>	<b>\$ 245,924</b>	<b>\$ 7,323,201</b>	<b>\$ 7,389,247</b>	<b>\$ 7,519,084</b>	<b>\$ 7,635,171</b>

The Village's total debt decreased by \$116,087 (1.5 percent) during the year ended April 30, 2014. The key factors in this decrease were principal payments made on the debt as well as no new debt during this fiscal year.

Additional information on the Village's long-term debt can be found in note 4 on pages 28 and 29 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S APPROPRIATIONS AND RATES**

- The Village is acting as local agency for a Bypass Phase One Road project, which will result in the Village being responsible for \$3,010,000 of primarily state and federal funded monies.
- The Village anticipates the income and expenses for the Village to remain consistent as compared to the prior year.

These factors were considered in preparing the Village's appropriations ordinance for the 2015 fiscal year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Village President  
 Village of Richmond  
 5600 Hunter Drive  
 Richmond, IL, 60071

## BASIC FINANCIAL STATEMENTS

VILLAGE OF RICHMOND  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
APRIL 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,027,010	\$ 687,277	\$ 1,714,287
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Property Taxes	470,310	-	470,310
Accounts	-	221,918	221,918
From Other Governmental Units	166,268	-	166,268
Prepaid Expenses	21,571	24,268	45,839
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	179,500	98,325	277,825
Other Capital Assets, Net of Depreciation	1,050,719	12,873,655	13,924,374
Unamortized Bond Discount (Net of Accumulated Amortization)	-	4,984	4,984
<b>Total Assets</b>	<b>\$ 2,915,378</b>	<b>\$ 13,910,427</b>	<b>\$ 16,825,805</b>
<b>LIABILITIES</b>			
Liabilities			
Accounts Payable	\$ 35,650	\$ 73,661	\$ 109,311
Accrued Payroll	33,428	20,998	54,426
Accrued Expenses	-	82,148	82,148
Customer Deposits	-	11,809	11,809
Interfund Balances	(173,933)	173,933	-
Sales Tax Rebate	3,439	-	3,439
Road Bonds	830	-	830
Accrued Interest	2,321	-	2,321
Net Pension Obligation	3,870	-	3,870
Non-Current Liabilities			
Due Within One Year	44,569	484,989	529,558
Due in More Than One Year	151,314	6,838,212	6,989,526
<b>Total Liabilities</b>	<b>\$ 101,488</b>	<b>\$ 7,685,750</b>	<b>\$ 7,787,238</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	\$ 514,490	\$ -	\$ 514,490
<b>Total Deferred Inflows of Resources</b>	<b>\$ 514,490</b>	<b>\$ -</b>	<b>\$ 514,490</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 1,034,336	\$ 5,648,779	\$ 6,683,115
Restricted for:			
Streets and Roads	49,507	-	49,507
Social Security	93,337	-	93,337
Liability Insurance	28,368	-	28,368
Illinois Municipal Retirement Fund	68,470	-	68,470
Capital Projects	-	214,058	214,058
Worker's Compensation Insurance	3,588	-	3,588
Unrestricted / (Deficit)	1,021,794	361,840	1,383,634
<b>Total Net Position</b>	<b>\$ 2,299,400</b>	<b>\$ 6,224,677</b>	<b>\$ 8,524,077</b>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 393,871	\$ 135,999	\$ 57,543	\$ -	\$ (200,329)	\$ -	\$ (200,329)
Public Safety	486,374	138,243	2,749	-	(345,382)	-	(345,382)
Public Works and Transportation	265,458	-	-	-	(265,458)	-	(265,458)
Parks	45,513	2,471	-	-	(43,042)	-	(43,042)
Interest and Fees on Long-Term Debt	12,213	-	-	-	(12,213)	-	(12,213)
	<u>\$ 1,203,429</u>	<u>\$ 276,713</u>	<u>\$ 60,292</u>	<u>\$ -</u>	<u>\$ (866,424)</u>	<u>\$ -</u>	<u>\$ (866,424)</u>
Business-Type Activities							
Water	\$ 536,126	\$ 363,815	\$ -	\$ 2,686	\$ -	\$ (169,625)	\$ (169,625)
Sewer	715,723	659,609	-	49,122	-	(6,992)	(6,992)
	<u>\$ 1,251,849</u>	<u>\$ 1,023,424</u>	<u>\$ -</u>	<u>\$ 51,808</u>	<u>\$ -</u>	<u>\$ (176,617)</u>	<u>\$ (176,617)</u>
Total Primary Government	<u>\$ 2,455,278</u>	<u>\$ 1,300,137</u>	<u>\$ 60,292</u>	<u>\$ 51,808</u>	<u>\$ (866,424)</u>	<u>\$ (176,617)</u>	<u>\$ (1,043,041)</u>
		General Revenues					
		Taxes					
					\$ 479,889	\$ -	\$ 479,889
					423,017	-	423,017
					178,651	-	178,651
					7,622	-	7,622
					59,098	-	59,098
					186,855	-	186,855
					1,990	-	1,990
					3,192	1,481	4,673
					(7,166)	1,712	(5,454)
					57,932	-	57,932
					<u>\$ 1,391,080</u>	<u>\$ 3,193</u>	<u>\$ 1,394,273</u>
					\$ 524,656	\$ (173,424)	\$ 351,232
					1,774,744	6,387,701	8,162,445
					-	10,400	10,400
					<u>\$ 2,299,400</u>	<u>\$ 6,224,677</u>	<u>\$ 8,524,077</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 APRIL 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 939,824	\$ 87,186	\$ 1,027,010
Receivables (Net of Allowance for Estimated Uncollectible Amounts of \$0)			
Property Taxes	470,310	-	470,310
From Other Governmental Units	156,980	9,288	166,268
Prepaid Expenses	21,571	-	21,571
<b>Total Assets</b>	<b>\$ 1,588,685</b>	<b>\$ 96,474</b>	<b>\$ 1,685,159</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 35,119	\$ 531	\$ 35,650
Accrued Payroll	33,428	-	33,428
Interfund Balances	(201,233)	27,300	(173,933)
Sales Tax Rebate	3,439	-	3,439
Road Bonds	830	-	830
<b>Total Liabilities</b>	<b>\$ (128,417)</b>	<b>\$ 27,831</b>	<b>\$ (100,586)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	\$ 514,490	\$ -	\$ 514,490
<b>Total Deferred Inflows of Resources</b>	<b>\$ 514,490</b>	<b>\$ -</b>	<b>\$ 514,490</b>
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid Expenses	\$ 21,571	\$ -	\$ 21,571
Restricted for:			
Social Security	93,337	-	93,337
Liability Insurance	28,368	-	28,368
Illinois Municipal Retirement Fund	68,470	-	68,470
Worker's Compensation Insurance	3,588	-	3,588
Streets and Roads	-	49,507	49,507
Committed			
Sales Tax Trust Fund	39,360	-	39,360
Assigned for:			
Streets and Roads	-	19,136	19,136
Unassigned	947,918	-	947,918
<b>Total Fund Balances</b>	<b>\$ 1,202,612</b>	<b>\$ 68,643</b>	<b>\$ 1,271,255</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,588,685</b>	<b>\$ 96,474</b>	<b>\$ 1,685,159</b>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 APRIL 30, 2014

Total Fund Balances - Governmental Funds		\$ 1,271,255
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets, net of accumulated depreciation		1,230,219
<p>Net Pension Obligation is not included in the governmental funds.</p>		
		(3,870)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds and Notes Payable	\$ (195,883)	
Accrued Interest on Long-Term Debt	<u>(2,321)</u>	
		<u>(198,204)</u>
Net Position of Governmental Activities		<u><u>\$ 2,299,400</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
FUND FINANCIAL STATEMENTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Local Taxes			
Property Tax	\$ 479,889	\$ -	\$ 479,889
Intergovernmental			
State Sales Tax	423,017	-	423,017
State Income Tax	178,651	-	178,651
State Replacement Tax	7,622	-	7,622
State Motor Fuel Tax	-	59,098	59,098
Grants	57,543	-	57,543
Other Local Sources			
Vehicle Stickers	21,374	-	21,374
Other Licenses and Permits	46,503	-	46,503
Fines and Forfeitures	106,883	-	106,883
Franchise Fees	68,122	-	68,122
Impact Fees	1,990	-	1,990
Interest	3,181	11	3,192
Hotel Tax	19,531	-	19,531
Utility Tax	167,324	-	167,324
Miscellaneous			
Donations	2,749	-	2,749
Recreation Fees	2,471	-	2,471
Hall Rental Income	1,588	-	1,588
Other Miscellaneous	68,604	19,100	87,704
	<u>\$ 1,657,042</u>	<u>\$ 78,209</u>	<u>\$ 1,735,251</u>
<b>EXPENDITURES</b>			
Current			
General Government	\$ 393,746	\$ -	\$ 393,746
Public Safety	460,558	-	460,558
Public Works and Transportation	221,322	26,080	247,402
Parks	14,810	-	14,810
Capital Outlay	44,104	-	44,104
Debt Service			
Principal	50,041	-	50,041
Interest and Fees	12,213	-	12,213
	<u>\$ 1,196,794</u>	<u>\$ 26,080</u>	<u>\$ 1,222,874</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 460,248	\$ 52,129	\$ 512,377
<b>OTHER FINANCING SOURCES/(USES)</b>			
Proceeds from Sale of Capital Assets	7,100	-	7,100
NET CHANGE IN FUND BALANCES	\$ 467,348	\$ 52,129	\$ 519,477
FUND BALANCES - MAY 1, 2013	735,264	16,514	751,778
FUND BALANCES - APRIL 30, 2014	<u>\$ 1,202,612</u>	<u>\$ 68,643</u>	<u>\$ 1,271,255</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED APRIL 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 519,477

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (75,818)	
Capital Outlays	<u>39,822</u>	(35,996)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Proceeds from Sale of Capital Assets	\$ (1,700)	
Gain/(Loss) on Sale of Capital Assets	<u>(7,166)</u>	(8,866)

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		<u>50,041</u>
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Change in Net Position of Governmental Activities		<u>\$ 524,656</u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 APRIL 30, 2014

	Enterprise Fund Water and Sewer
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 687,277
Accounts Receivable (Net of Allowance for Estimated Uncollectible Accounts of \$1,000)	221,918
Prepaid Expenses	24,268
Interfund Balances	(173,933)
	\$ 759,530
Non-Current Assets	
Capital Assets	
Land	\$ 98,325
Equipment	249,127
Water and Sewer Systems	16,693,844
Less: Accumulated Depreciation	(4,069,316)
Unamortized Bond Discount (Net of Accumulated Amortization)	4,984
	\$ 12,976,964
<b>Total Assets</b>	<b>\$ 13,736,494</b>
Deferred Outflows of Resources	\$ -
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 13,736,494</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 73,661
Accrued Payroll	20,998
Accrued Expenses	82,148
Customer Deposits	11,809
Bonds and Notes Payable - Current	484,989
	\$ 673,605
Non-Current Liabilities	
Bonds and Notes Payable (Net of Current Portion Shown Above)	\$ 6,838,212
<b>Total Liabilities</b>	<b>\$ 7,511,817</b>
Deferred Inflows of Resources	\$ -
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 7,511,817</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 5,648,779
Restricted for:	
Capital Projects	214,058
Unrestricted / (Deficit)	361,840
	\$ 6,224,677
<b>Total Net Position</b>	<b>\$ 6,224,677</b>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 YEAR ENDED APRIL 30, 2014

	Enterprise Fund Water and Sewer
<b>OPERATING REVENUES</b>	
Charges for Services	
Water Sales	\$ 288,536
Sewer Charges	587,849
Additional Unit Charge	95,774
Water Meter Sales	3,519
Penalties	12,768
Other	34,978
	\$ 1,023,424
<b>OPERATING EXPENSES</b>	
Water Department	
Personnel Salaries	\$ 99,861
Miscellaneous Personnel Expenses	41,691
Office Expenses	24,025
Operating Expenses	156,582
Depreciation	174,523
Sewer Department	
Personnel Salaries	98,795
Miscellaneous Personnel Expenses	41,819
Office Expenses	81,655
Operating Expenses	146,070
Depreciation	174,523
	\$ 1,039,544
<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (16,120)</b>
<b>NON-OPERATING REVENUE/(EXPENSE)</b>	
Interest Income	\$ 1,481
Interest Expense	(200,622)
Amortization	(11,218)
Bond Fees	(465)
Gain/(Loss) on Sale of Fixed Assets	1,712
	\$ (209,112)
<b>INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>\$ (225,232)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>51,808</b>
<b>TRANSFERS (TO)/FROM OTHER FUNDS</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (173,424)</b>
<b>NET POSITION - MAY 1, 2013</b>	<b>6,387,701</b>
<b>NET POSITION ADJUSTMENT (NOTE 15)</b>	<b>10,400</b>
<b>NET POSITION - APRIL 30, 2014</b>	<b>\$ 6,224,677</b>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED APRIL 30, 2014

	Enterprise Fund Water and Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 972,188
Payments to Suppliers for Goods and Services	(390,916)
Payments to Employees for Services	(271,823)
Internal Activity - Payments to Other Funds	231,816
Other Receipts/(Payments)	34,978
Net Cash Provided/(Used) by Operating Activities	\$ 576,243
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Contributions	\$ 51,808
Purchase of Capital Assets	(183,440)
Interest Paid on Capital Debt	(200,622)
Principal Paid on Capital Debt	(56,835)
Proceeds from Capital Lease	(9,211)
Bond Fees	(465)
Proceeds from Sale of Fixed Assets	1,712
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ (397,053)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Cash and Cash Equivalents and Investments	\$ 1,481
Net Cash Provided/(Used) by Investing Activities	\$ 1,481
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ 180,671
<b>CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2013</b>	506,606
<b>CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2014</b>	\$ 687,277
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	
Operating Income/(Loss)	\$ (16,120)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	349,046
Change in assets and liabilities:	
Receivables, net	(16,254)
Interfund Balances	231,816
Prepaid Expenses	6,440
Accounts Payable	10,976
Accrued Payroll	10,343
Customer Deposits	(4)
Net Cash Provided/(Used) by Operating Activities	\$ 576,243

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUND  
 APRIL 30, 2014

	Grant Recapture Fund
ASSETS	
Cash and Cash Equivalents	\$ 514,462
TOTAL ASSETS	\$ 514,462
LIABILITIES	\$ -
NET POSITION HELD IN TRUST	\$ 514,462

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUND  
 YEAR ENDED APRIL 30, 2014

	Grant Recapture Fund
ADDITIONS	
Investment Earnings	
Interest	\$ 91
Total Investment Earnings	\$ 91
TOTAL ADDITIONS	\$ 91
DEDUCTIONS	\$ -
NET INCREASE/(DECREASE)	\$ 91
NET POSITION HELD IN TRUST - MAY 1, 2013	514,371
NET POSITION HELD IN TRUST - APRIL 30, 2014	\$ 514,462

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Village of Richmond's (Village) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the Village are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that it has no component units. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Statements*

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, public safety, public works and transportation, and parks services are classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public works and transportation, public safety, parks, etc.) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basic Financial Statements – Government-Wide Statements* (Continued)

contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, unrestricted investment earnings, etc.).

The Village does not allocate indirect costs.

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

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues and expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in one column in the fund financial statements.

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Village reports these governmental funds and fund types:

- a. The General Fund is the Village's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Fund Types

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. *Basic Financial Statements – Fund Financial Statements (Continued)*

##### 2. Proprietary Fund Types (Continued)

Enterprise Funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements.

##### 3. Fiduciary Fund Types

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

The Village's fiduciary fund is presented in the fiduciary fund financial statements by type (grant recapture). Because by definition these assets are being held for the benefit of a third party (loan participants) and cannot be used to address activities or obligations of the Village, this fund is not incorporated into the government-wide statements.

#### D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

##### 1. Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

##### 2. Modified Accrual

The governmental funds' financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt, which is recognized when due and payable.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. *Cash and Cash Equivalents and Investments*

The Village has defined cash and cash equivalents to include cash on hand, demand deposits, checking accounts, savings accounts, money market accounts, and short-term investments with an original maturity of less than three months.

Separate bank accounts are maintained for all Village funds. Occasionally, certain cash accounts may incur overdrafts (deficits) in an account.

No Village fund had a cash overdraft at April 30, 2014.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

State statutes authorize the Village to invest in obligations of the U.S. Treasury, Certificates of Deposit, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool known as The Illinois Funds.

F. *Receivables and Revenue Recognition*

Property taxes receivable are recognized at the time they are levied. The property tax receivable allowance is equal to 0% of outstanding property taxes at April 30, 2014.

Substantially all other shared revenue is recorded during the period when received by the collecting authority, the State of Illinois.

Income from investments, bank accounts, and unbilled usage receivables are recognized when earned. Licenses and permits, fines and forfeitures, fees and refunds, charges for services (other than enterprise funds), miscellaneous and other revenues are recorded as revenues when received in cash as they are generally not measurable until actually received.

G. *Inventories and Prepaid Items*

It is the Village's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the value of resale or supply items on hand.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported on the consumption basis. Prepaid items are recorded in both the government-wide and fund financial statements.

H. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	20 - 45 Years
Buildings	50 - 125 Years
Vehicles	8 - 25 Years
Equipment	5 - 20 Years
Infrastructure	20 Years
Water and Sewer Systems	50 Years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets effective as of May 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

J. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheet and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource until that time.

K. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts to specified maximums depending on tenure with the Village. Sick leave is accumulated from year to year up to specified maximums, but is not paid upon termination. No compensated absence accrual is recorded because vacation benefits do not accumulate from year to year and sick leave is not paid upon termination.

L. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Long-Term Obligations (Continued)*

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

M. *Government-Wide and Proprietary Fund Net Position*

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets..
- Restricted net position – consists of net position that is restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted net position – all other net position is reported in this category.

N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The Village has delegated this authority to the Village President or his designee.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### N. *Governmental Fund Balances (Continued)*

- *Assigned (Continued)*

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Village itself.

- *Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash.*

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

#### O. *Property Tax Calendar and Revenues*

The Village is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied each calendar year on all taxable real property located in the Village on or before the last Tuesday in December. The 2013 levy was passed by the Board on December 5, 2013. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

#### P. *Defining Operating Revenues and Expenses*

The Village's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's Water and Sewer Fund consist of charges for services and the costs for providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

#### Q. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the Village's name.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

*Investments*

As of April 30, 2014 the Village had the following investments:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	\$ 1,485,747	\$ 1,485,747	\$ -	\$ -	\$ -

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered, but does have regulatory oversight through the State of Illinois.

*Interest Rate Risk.* The Village does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments based on credit risk. The Village has an investment policy that would further limit its investment choices. As of April 30, 2014, the Village's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2014 was as follows:

	Balance May 1, 2013	Increases	Decreases	Balance April 30, 2014
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Land	\$ 179,500	\$ -	\$ -	\$ 179,500
Total Capital Assets not being depreciated	\$ 179,500	\$ -	\$ -	\$ 179,500
Other Capital Assets				
Land Improvements	\$ 406,657	\$ -	\$ -	\$ 406,657
Buildings	1,197,607	8,000	-	1,205,607
Vehicles	220,605	11,200	50,366	181,439
Equipment	181,794	20,622	-	202,416
Infrastructure	42,064	-	-	42,064
Total Other Capital Assets at Historical Cost	\$ 2,048,727	\$ 39,822	\$ 50,366	\$ 2,038,183
Less Accumulated Depreciation				
Land Improvements	\$ 313,384	\$ 14,961	\$ -	\$ 328,345
Buildings	402,943	23,239	-	426,182
Vehicles	118,559	19,420	41,500	96,479
Equipment	100,383	16,095	-	116,478
Infrastructure	17,877	2,103	-	19,980
Total Accumulated Depreciation	\$ 953,146	\$ 75,818	\$ 41,500	\$ 987,464
Other Capital Assets, Net	\$ 1,095,581	\$ (35,996)	\$ 8,866	\$ 1,050,719
Governmental Activities Capital Assets, Net	\$ 1,275,081	\$ (35,996)	\$ 8,866	\$ 1,230,219

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance May 1, 2013	Increases	Decreases	Balance April 30, 2014
<b>Business-Type Activities</b>				
Capital Assets not being depreciated				
Land	\$ 98,325	\$ -	\$ -	\$ 98,325
Total Capital Assets not being depreciated	<u>\$ 98,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,325</u>
Other Capital Assets				
Equipment	\$ 240,687	\$ 8,440	\$ -	\$ 249,127
Water and Sewer Systems	16,508,444	185,400	-	16,693,844
Total Other Capital Assets at Historical Cost	<u>\$ 16,749,131</u>	<u>\$ 193,840</u>	<u>\$ -</u>	<u>\$ 16,942,971</u>
Less Accumulated Depreciation				
Equipment	\$ 123,735	\$ 24,153	\$ -	\$ 147,888
Water and Sewer Systems	3,596,535	324,893	-	3,921,428
Total Accumulated Depreciation	<u>\$ 3,720,270</u>	<u>\$ 349,046</u>	<u>\$ -</u>	<u>\$ 4,069,316</u>
Other Capital Assets, Net	<u>\$ 13,028,861</u>	<u>\$ (155,206)</u>	<u>\$ -</u>	<u>\$ 12,873,655</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 13,127,186</u>	<u>\$ (155,206)</u>	<u>\$ -</u>	<u>\$ 12,971,980</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>		
General Government		\$ 13,356
Public Safety		16,730
Public Works and Transportation		15,397
Parks		30,335
Total Governmental Activities Depreciation Expense		<u>\$ 75,818</u>
<b>Business-Type Activities:</b>		
Water		\$ 174,523
Sewer		174,523
Total Business-Type Activities Depreciation Expense		<u>\$ 349,046</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2014 was as follows:

	Balance May 1, 2013	Additions	Retirements	Balance April 30, 2014	Amounts Due Within One Year
<b>Governmental Activities</b>					
Long-Term Debt					
Bonds Payable					
General Obligation Bonds					
Dated 2/23/09	\$ 195,000	\$ -	\$ 30,000	\$ 165,000	\$ 30,000
Note Payable Dated 1/4/05	5,917	-	5,917	-	-
Lease/Purchase Agreements	45,007	-	14,124	30,883	14,569
Governmental Activities Long-Term Obligations	<u>\$ 245,924</u>	<u>\$ -</u>	<u>\$ 50,041</u>	<u>\$ 195,883</u>	<u>\$ 44,569</u>
<b>Business-Type Activities</b>					
Long-Term Debt					
Bonds Payable					
General Obligation Refunding					
Debt Certificates Dated 5/8/02	\$ 500,000	\$ -	\$ 45,000	\$ 455,000	\$ 45,000
Revenue Bonds Dated 9/12/05	6,826,511	-	-	6,826,511	430,928
Note Payable Dated 1/4/05	11,835	-	11,835	-	-
Lease/Purchase Agreement	50,901	-	9,211	41,690	9,061
Business-Type Activities Long-Term Obligations	<u>\$ 7,389,247</u>	<u>\$ -</u>	<u>\$ 66,046</u>	<u>\$ 7,323,201</u>	<u>\$ 484,989</u>

Bonds and notes payable consisted of the following at April 30, 2014:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities:</b>				
General Obligation Bonds Dated 2/23/09	2/1/2019	4.80%	\$ 300,000	\$ 165,000
Note Payable Dated 1/4/05	12/15/2014	4.50%	29,400	-
Lease/Purchase Agreements				
Police Interceptor	8/7/2014	5.48%	30,145	10,038
Ford Truck	8/4/2018	1.20%	28,611	20,845
<b>Business-Type Activities:</b>				
General Obligation Refunding Debt				
Certificates Dated 5/8/02	12/1/2021	3.40% - 5.50%	890,000	455,000
Revenue Bonds Dated 9/12/05	6/5/2027	2.50%	6,826,511	6,826,511
Note Payable Dated 1/4/05	12/15/2014	4.50%	58,801	-
Lease/Purchase Agreement	8/4/2018	1.20%	57,221	41,690

At April 30, 2014 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2015	\$ 44,569	\$ 9,620	\$ 54,189
2016	34,816	7,344	42,160
2017	40,118	5,608	45,726
2018	40,441	3,600	44,041
2019	35,939	1,687	37,626
	<u>\$ 195,883</u>	<u>\$ 27,859</u>	<u>\$ 223,742</u>

At April 30, 2014 the annual debt service requirements to service long-term debt attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total
2015	\$ 484,989	\$ 194,573	\$ 679,562
2016	501,399	180,845	682,244
2017	513,119	166,550	679,669
2018	530,156	151,939	682,095
2019	537,833	136,880	674,713
2020	547,927	121,712	669,639
2021	565,201	106,138	671,339
2022	582,785	89,979	672,764
2023	525,684	73,230	598,914
2024	538,909	60,004	598,913
2025	552,465	46,449	598,914
2026	566,363	32,551	598,914
2027	580,611	18,303	598,914
2028	295,760	3,697	299,457
	<u>\$ 7,323,201</u>	<u>\$ 1,382,850</u>	<u>\$ 8,706,051</u>

NOTE 5 - INTERFUND BALANCES/TRANSFERS

Interfund balances at April 30, 2014 consisted of the following:

Due From	Due To	Amount
Water and Sewer Fund	General Fund	\$ 173,933
Motor Fuel Tax Fund	General Fund	27,300

All interfund balances resulted from a time lag between the dates that (1) revenue was collected and remitted to appropriate funds and (2) expenditures were incurred and reimbursed between funds.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - INTERFUND BALANCES/TRANSFERS (Continued)

There were no interfund transfers for the year ended April 30, 2014.

NOTE 6 - DEFICIT FUND BALANCES

No Village fund reflected a deficit fund balance as of April 30, 2014.

NOTE 7 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements, in the amount of \$514,490, are from the 2013 tax levy. The unavailable revenue is 100% of the 2013 levy, less allowance. These taxes are unavailable as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2014. The Village has determined that 100% of the amounts collected for the 2012 levy are allocable for use in fiscal year 2014. Therefore, 100% of the amounts collected for the 2012 levy (\$479,889) are recorded in these financial statements as property taxes revenue. A summary of the assessed valuations, rates and extensions for the years 2013, 2012, and 2011 follows:

TAX YEAR ASSESSED VALUATION	2013 \$45,690,183		2012 \$48,827,625		2011 \$53,285,936	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.4288	\$ 195,909	0.4115	\$ 200,903	0.3686	\$ 196,411
Police Protection	0.1865	85,234	0.1790	87,406	0.1604	85,452
IMRF	0.0762	34,832	0.0732	35,720	0.0655	34,922
Audit	0.0406	18,529	0.0389	19,001	0.0349	18,577
Streets and Bridges	0.0526	24,028	0.0466	22,770	0.0425	22,628
Liability Insurance	0.0588	26,866	0.0564	27,551	0.0505	26,936
Social Security	0.1176	53,735	0.1129	55,105	0.1011	53,872
Worker's Compensation	0.0466	21,310	0.0448	21,852	0.0401	21,363
	<u>1.0077</u>	<u>\$ 460,443</u>	<u>0.9632</u>	<u>\$ 470,308</u>	<u>0.8636</u>	<u>\$ 460,161</u>
Road and Bridge (from Richmond Township)	-	\$ 9,867	-	\$ 11,990	-	\$ 11,437

NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2014 no fund had expenditures that exceeded the appropriations.

NOTE 9 - OPERATING LEASES, AS LESSEE

The Village, as lessee, leases a copier and a postage machine. Minimum annual rentals are as follows:

<u>Year Ending April 30</u>	<u>Amount</u>
2015	\$ 5,101
2016	2,796
2017	2,335
2018	1,752
	<u>\$ 11,984</u>

Rental expense under this lease for the year ended April 30, 2014 was \$5,647.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND

A. *Plan Description*

The Village'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 Village's 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. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

B. *Funding Policy*

As set by statute, the Village's Regular plan members are required to contribute 4.50% 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 annual required contribution rate for calendar year 2013 was 8.18%. The Village 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.

C. *Annual Pension Cost*

The Village's annual pension cost and the net pension obligation to the plan as of December 31, 2012 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$ 33,574
Adjustment to annual required contribution	(216)
Interest on net pension obligation	<u>216</u>
Annual Pension Cost	\$ 33,574
Contributions Made	<u>33,574</u>
Increase/(Decreases) in net pension obligation	\$ -
Net Pension Obligation beginning of year	<u>3,870</u>
Net Pension Obligation end of year	<u><u>\$ 3,870</u></u>

The required contribution for calendar year ending December 31, 2012 was \$33,574.

Three Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$ 33,574	100%	\$ 3,870
12/31/2012	39,571	100%	3,870
12/31/2011	40,777	100%	3,870

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

C. *Annual Pension Cost* (Continued)

from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Village's Regular 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 Village's Regular plan's overfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payrolls on an open 30 year basis.

D. *Funded Status and Funding Progress*

As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 112.37% funded. The actuarial accrued liability for benefits was \$723,502 and the actuarial value of assets was \$813,001, resulting in an overfunded actuarial accrued liability (UAAL) of \$89,499. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$410,435. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

NOTE 11 - RISK MANAGEMENT

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; error and omissions; and injuries to employees.

The Village was a member of the Illinois Municipal League Risk Management Association (IMLRMA) until November 30, 2013, a joint risk management pool of local governmental units through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the Village and IMLRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Village is contractually obligated to make all annual and supplementary contributions for IMLRMA, to report claims on a timely basis, cooperate with IMLRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by IMLRMA. Members have a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which they were a member.

IMLRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. IMLRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members. There have been no reductions in insurance coverage from the prior year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - RISK MANAGEMENT (Continued)

Starting December 1, 2013, the Village started using Arthur J. Gallagher. Arthur J. Gallagher is a brokerage firm so the Village now has different carries for the different types of coverage.

During the year ended April 30, 2014, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The Village is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2014, there were no significant adjustments in premiums based on actual experience.

NOTE 12 - INTERGOVERNMENTAL AGREEMENTS

The Village entered into an intergovernmental agreement with the Federal Government, State of Illinois Department of Transportation (IDOT) and McHenry County (County) on March 4, 2008 to perform Phase I preliminary engineering for the Richmond bypass at an estimated cost of \$3,010,000. The Village will act as the lead agency in completing the necessary Phase I engineering. The agreement requires that the Federal Government, IDOT and the County contribute \$2,536,500, \$236,650, and \$118,425, respectively, towards the preliminary engineering plan bypass, with the Village contributing the remaining \$118,425. During the years ended April 30, 2011, 2012, 2013 and 2014, the Village recognized revenue of \$129,966, \$196,369, \$223,927 and \$56,443, respectively, of the Federal Government's contribution and reported expenses relating to the project for these same amounts.

NOTE 13 - CONSTRUCTION IN PROGRESS

The Village has no construction projects that are in progress as of April 30, 2014.

NOTE 14 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through August 12, 2014, the date on which the financial statements were available to be issued.

NOTE 15 - FUND BALANCE/NET POSITION ADJUSTMENT

The following discloses the restatement of business-type activity fund balance/net position as of the beginning of the fiscal year due to items purchased in the previous year that were not added to the capital assets in the previous year in the Water and Sewer Fund.

	Water and Sewer Fund Net Position
Balance, beginning of year, as previously stated	\$ 6,387,701
Increase due to additional capital asset added	10,400
Balance, beginning of year, as restated	<u>\$ 6,398,101</u>

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE

Effective in the year ended April 30, 2014, the Village implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The new standard required a restatement for debt issuance costs that were amortized under prior standards but expensed in the period incurred under the new standards. As a result, the bond issuance costs have been fully amortized during the April 30, 2014 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF RICHMOND  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
APRIL 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ 813,001	\$ 723,502	\$ (89,499)	112.37%	\$ 410,435	0.00%
12/31/2012	658,803	622,588	(36,215)	105.82%	420,971	0.00%
12/31/2011	566,386	549,451	(16,935)	103.08%	432,882	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$987,881. On a market basis, the funded ratio would be 136.54%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

See Accompanying Independent Auditor's Report

VILLAGE OF RICHMOND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL  
GENERAL FUND  
YEAR ENDED APRIL 30, 2014

	Appropriated Amounts	Actual Amounts
	Original and Final	
<b>REVENUES</b>		
Local Taxes		
Property Tax	\$ 478,567	\$ 479,889
Intergovernmental		
State Sales Tax	390,000	423,017
State Income Tax	130,000	178,651
State Replacement Tax	6,000	7,622
Grants	241,800	57,543
Other Local Sources		
Vehicle Stickers	13,600	21,374
Other Licenses and Permits	38,500	46,503
Fines and Forfeitures	88,800	106,883
Franchise Fees	21,635	68,122
Impact Fees	400	1,990
Interest	505	3,181
Hotel Tax	18,000	19,531
Utility Tax	54,000	167,324
Miscellaneous		
Donations	2,000	2,749
Recreation Fees	-	2,471
Hall Rental Income	1,500	1,588
Other Miscellaneous	46,200	68,604
	\$ 1,531,507	\$ 1,657,042
<b>EXPENDITURES</b>		
Current		
General Government		
Personnel Services	\$ 166,017	\$ 168,531
Contractual Services	401,812	194,714
Commodities	16,550	12,125
Other Expenses	20,825	18,376
	\$ 605,204	\$ 393,746
Public Safety		
Personnel Services	\$ 333,153	\$ 347,740
Contractual Services	89,228	83,289
Commodities	32,750	28,879
Other Expenses	600	650
	\$ 455,731	\$ 460,558
Public Works and Transportation		
Personnel Services	\$ 98,488	\$ 113,205
Contractual Services	71,600	62,589
Commodities	31,575	44,507
Other Expenses	500	1,021
	\$ 202,163	\$ 221,322

See Accompanying Independent Auditor's Report

VILLAGE OF RICHMOND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL  
GENERAL FUND  
YEAR ENDED APRIL 30, 2014

	Appropriated Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
Current (Continued)		
Parks		
Personnel Services	\$ 11,034	\$ 5,920
Contractual Services	10,400	6,164
Commodities	1,600	2,670
Other Expenses	600	56
	\$ 23,634	\$ 14,810
Total Current	\$ 1,286,732	\$ 1,090,436
Capital Outlay		
General Government	\$ 18,300	\$ 5,699
Public Safety	31,100	20,286
Public Works and Transportation	18,446	17,751
Parks	400	368
	\$ 68,246	\$ 44,104
Debt Service		
Principal	\$ 33,662	\$ 50,041
Interest and Fees	9,360	12,213
	\$ 43,022	\$ 62,254
Total Expenditures	\$ 1,398,000	\$ 1,196,794
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 133,507	\$ 460,248
OTHER FINANCING SOURCES/(USES)		
Proceeds from Sale of Capital Assets	9,000	7,100
NET CHANGE IN FUND BALANCES	\$ 142,507	\$ 467,348
FUND BALANCES - MAY 1, 2013	735,264	735,264
FUND BALANCES - APRIL 30, 2014	\$ 877,771	\$ 1,202,612

See Accompanying Independent Auditor's Report

VILLAGE OF RICHMOND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
APRIL 30, 2014

NOTE 1 - APPROPRIATIONS

Appropriations are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations are adopted for all funds. All annual appropriations lapse at fiscal year end.

Appropriated expenditures are controlled at the departmental level with the Finance Committee's oversight. All transfers and any revisions that change the total expenditures not contemplated of any fund must be approved by the Village's Board of Trustees. All appropriation amendments must be approved by the Village's Board of Trustees.

The appropriation was approved on April 18, 2013 and was not amended.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2014, no fund presented as Required Supplementary Information had expenditures that exceeded the appropriations.