



815.344.1300 mchenry
847.382.3366 barrington

VILLAGE OF RICHMOND, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30, 2015

eder, casella & co.

5400 west elm street. suite 203. mchenry. il 60050
509 west old northwest highway. suite 102. barrington. il 60010
www.edercasella.com

VILLAGE OF RICHMOND
TABLE OF CONTENTS
APRIL 30, 2015

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Statement of Net Position – Proprietary Funds	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Statement of Fiduciary Net Position – Fiduciary Funds – Private-Purpose Trust Fund	18
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – Private-Purpose Trust Fund	19
Notes to Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund – Schedule of Funding Progress	34

VILLAGE OF RICHMOND
TABLE OF CONTENTS
APRIL 30, 2015

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION (Continued)	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Appropriations and Actual – General Fund	35
Notes to Required Supplementary Information	37

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, 2015, 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, 2015, 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.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
August 25, 2015

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF RICHMOND

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2015

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, 2015. 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 of the Village exceeded its liabilities and deferred inflows of resources at April 30, 2015 by \$8,105,566 (net position). Of this amount, \$1,147,377 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position decreased by \$454,902.
- At April 30, 2015, the Village's governmental funds reported combined ending fund balances of \$1,020,213 , a decrease of \$272,445 in comparison with the prior year.
- At April 30, 2015, the unassigned fund balance for the General Fund was \$670,497, a decrease of \$277,421 in comparison with the prior year. Unassigned fund balance represents 54 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 to be 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 and the related notes 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 exceeded liabilities and deferred inflows of resources by \$8,105,566 at April 30, 2015.

By far the largest portion of the Village's net position (79 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	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
ASSETS						
Current and Other Assets	\$ 1,652,880	\$ 1,685,159	\$ 819,857	\$ 938,447	\$ 2,472,737	\$ 2,623,606
Capital Assets	1,208,000	1,230,219	12,673,177	12,971,980	13,881,177	14,202,199
Total Assets	<u>\$ 2,860,880</u>	<u>\$ 2,915,378</u>	<u>\$ 13,493,034</u>	<u>\$ 13,910,427</u>	<u>\$ 16,353,914</u>	<u>\$ 16,825,805</u>
LIABILITIES						
Long-Term Liabilities Outstanding	\$ 181,312	\$ 199,753	\$ 7,269,135	\$ 7,323,201	\$ 7,450,447	\$ 7,522,954
Other Liabilities	105,950	(98,265)	162,913	362,549	268,863	264,284
Total Liabilities	<u>\$ 287,262</u>	<u>\$ 101,488</u>	<u>\$ 7,432,048</u>	<u>\$ 7,685,750</u>	<u>\$ 7,719,310</u>	<u>\$ 7,787,238</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	\$ 529,038	\$ 514,490	\$ -	\$ -	\$ 529,038	\$ 514,490
Total Deferred Inflows of Resources	<u>\$ 529,038</u>	<u>\$ 514,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,038</u>	<u>\$ 514,490</u>
NET POSITION						
Investment in Capital Assets	\$ 1,026,688	\$ 1,034,336	\$ 5,404,042	\$ 5,648,779	\$ 6,430,730	\$ 6,683,115
Restricted	276,517	243,270	250,942	214,058	527,459	457,328
Unrestricted	741,375	1,021,794	406,002	361,840	1,147,377	1,383,634
Total Net Position	<u>\$ 2,044,580</u>	<u>\$ 2,299,400</u>	<u>\$ 6,060,986</u>	<u>\$ 6,224,677</u>	<u>\$ 8,105,566</u>	<u>\$ 8,524,077</u>

An additional portion of the Village's net position (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,147,377) may be used to meet the Village's ongoing obligations to citizens and creditors.

The Village's net position decreased by \$454,902 during the year ended April 30, 2015.

Village of Richmond's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
Revenues						
Program Revenues						
Charges for Services	\$ 346,996	\$ 276,713	\$ 996,667	\$ 1,023,424	\$ 1,343,663	\$ 1,300,137
Operating Grants and Contributions	41,215	60,292	-	-	41,215	60,292
Capital Grants and Contributions	-	-	47,503	51,808	47,503	51,808
General Revenues						
Property Taxes	469,781	479,889	-	-	469,781	479,889
Other Taxes	839,122	855,243	-	-	839,122	855,243
Grants and Contributions not						
Restricted to Specific Activities	1,827	1,990	-	-	1,827	1,990
Unrestricted Investment Earnings	4,840	3,192	1,165	1,481	6,005	4,673
Gain/(Loss) on Sale of Capital Assets	264	(7,166)	-	1,712	264	(5,454)
Other	84,275	57,932	-	-	84,275	57,932
Total Revenues	\$ 1,788,320	\$ 1,728,085	\$ 1,045,335	\$ 1,078,425	\$ 2,833,655	\$ 2,806,510
Expenses						
General Government	\$ 386,000	\$ 393,871	\$ -	\$ -	\$ 386,000	\$ 393,871
Public Safety	501,962	486,374	-	-	501,962	486,374
Public Works and Transportation	345,146	265,458	-	-	345,146	265,458
Parks	30,838	45,513	-	-	30,838	45,513
Interest and Fees on Long-Term Debt	9,618	12,213	-	-	9,618	12,213
Water	-	-	1,057,306	536,126	1,057,306	536,126
Sewer	-	-	957,687	715,723	957,687	715,723
Total Expenses	\$ 1,273,564	\$ 1,203,429	\$ 2,014,993	\$ 1,251,849	\$ 3,288,557	\$ 2,455,278
Increase/(Decrease) in Net Position						
Before Transfers	\$ 514,756	\$ 524,656	\$ (969,658)	\$ (173,424)	\$ (454,902)	\$ 351,232
Transfers	(790,980)	-	790,980	-	-	-
Increase/(Decrease) in Net Position	\$ (276,224)	\$ 524,656	\$ (178,678)	\$ (173,424)	\$ (454,902)	\$ 351,232
Net Position - Beginning	2,299,400	1,774,744	6,224,677	6,387,701	8,524,077	8,162,445
Net Position Adjustment	21,404	-	14,987	10,400	36,391	10,400
Net Position - Ending	\$ 2,044,580	\$ 2,299,400	\$ 6,060,986	\$ 6,224,677	\$ 8,105,566	\$ 8,524,077

Governmental activities - Governmental activities decreased the Village's net position by \$276,224. In the prior fiscal year, governmental activities increased the Village's net position by \$524,656. The difference between years is mostly attributable to an interfund transfer from the General Fund to the Water and Sewer Fund for expenses related to a water main break.

Business-type activities - Business-type activities decreased the Village's net position by \$178,678. In the prior fiscal year, business-type activities decreased the Village's net position by \$173,424. An interfund transfer was made during fiscal year 2015 from the General Fund to the Water and Sewer Fund to cover expenses related to a water main break. If the transfer had not been made, the decrease in the Village's net position would have been \$969,658.

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, 2015, the Village's governmental funds reported combined ending fund balances of \$1,020,213, a decrease of \$272,445 in comparison with the prior year.

The General Fund is the chief operating fund of the Village. At April 30, 2015, unassigned fund balance of the General Fund was \$670,497. 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 54 percent of total General Fund expenditures.

The fund balance of the Village's General Fund decreased by \$255,638 during the year ended April 30, 2015.

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 \$406,002. The total decrease in net position for the Water and Sewer Fund was \$178,678. 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 \$185,952 (favorable) and was primarily due to receiving more than expected revenue for State Income Tax, Fines, Utility Tax and Other.
- The difference between budgeted expenditures and actual expenditures was \$723,686 (favorable) and was primarily due to less than expected expenditures in general government and public safety. This was in turn primarily due to lower than expected personnel and contractual services.

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, 2015 amounts to \$13,881,177 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, vehicles, equipment, infrastructure, and water and sewer systems.

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

	Governmental Activities		Business-Type Activities		Total	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
Land	\$ 179,500	\$ 179,500	\$ 98,325	\$ 98,325	\$ 277,825	\$ 277,825
Land Improvements	66,902	78,312	-	-	66,902	78,312
Buildings	765,736	779,425	-	-	765,736	779,425
Vehicles	94,941	84,960	-	-	94,941	84,960
Equipment	80,940	85,938	76,242	101,239	157,182	187,177
Infrastructure	19,981	22,084	-	-	19,981	22,084
Water and Sewer Systems	-	-	12,498,610	12,772,416	12,498,610	12,772,416
Total	\$ 1,208,000	\$ 1,230,219	\$ 12,673,177	\$ 12,971,980	\$ 13,881,177	\$ 14,202,199

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

- Replacing and moving fire hydrant - \$30,252
- Purchase of evidence equipment - \$10,849
- Purchase of 2015 Ford Explorer - \$37,200

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, 2015, the Village had total debt outstanding of \$7,450,447. Of this amount, \$623,936 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).

	Governmental Activities		Business-Type Activities		Total	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
General Obligation Bonds	\$ 135,000	\$ 165,000	\$ -	\$ -	\$ 135,000	\$ 165,000
General Obligation Refunding						
Debt Certificates	-	-	410,000	455,000	410,000	455,000
Revenue Bonds	-	-	6,826,511	6,826,511	6,826,511	6,826,511
Notes Payable	30,000	-	-	-	30,000	-
Lease/Purchase Agreements	16,312	30,883	32,624	41,690	48,936	72,573
Total	\$ 181,312	\$ 195,883	\$ 7,269,135	\$ 7,323,201	\$ 7,450,447	\$ 7,519,084

The Village's total debt decreased by \$68,637 (.9 percent) during the year ended April 30, 2015. The key factors in this decrease were principal payments made on the debt offset by a new note payable for the police vehicle.

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 2016 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, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 971,155	\$ 566,006	\$ 1,537,161
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Property Taxes	470,056	-	470,056
Accounts	-	228,686	228,686
From Other Governmental Units	200,702	-	200,702
Prepaid Expenses	10,967	20,804	31,771
Capital Assets			
Land, Construction in Progress, and Other			
Non-Depreciable Assets	179,500	98,325	277,825
Other Capital Assets, Net of Depreciation	1,028,500	12,574,852	13,603,352
Unamortized Bond Discount (Net of Accumulated Amortization)	-	4,361	4,361
Total Assets	\$ 2,860,880	\$ 13,493,034	\$ 16,353,914
LIABILITIES			
Accounts Payable	\$ 87,176	\$ 44,279	\$ 131,455
Accrued Payroll	20,536	7,425	27,961
Accrued Expenses	-	82,148	82,148
Customer Deposits	-	16,278	16,278
Due to Developers	4,431	-	4,431
Interfund Balances	(12,783)	12,783	-
Sales Tax Rebate	3,439	-	3,439
Road Bonds	830	-	830
Accrued Interest	2,321	-	2,321
Non-Current Liabilities			
Due Within One Year	49,816	490,559	540,375
Due in More Than One Year	131,496	6,778,576	6,910,072
Total Liabilities	\$ 287,262	\$ 7,432,048	\$ 7,719,310
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 529,038	\$ -	\$ 529,038
Total Deferred Inflows of Resources	\$ 529,038	\$ -	\$ 529,038
NET POSITION			
Net Investment in Capital Assets	\$ 1,026,688	\$ 5,404,042	\$ 6,430,730
Restricted for:			
Streets and Roads	27,523	-	27,523
Social Security	110,352	-	110,352
Liability Insurance	55,159	-	55,159
Illinois Municipal Retirement Fund	83,483	-	83,483
Capital Projects	-	250,942	250,942
Unrestricted / (Deficit)	741,375	406,002	1,147,377
Total Net Position	\$ 2,044,580	\$ 6,060,986	\$ 8,105,566

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, 2015

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	\$ 386,000	\$ 175,078	\$ 38,821	\$ -	\$ (172,101)	\$ -	\$ (172,101)
Public Safety	501,962	170,892	2,394	-	(328,676)	-	(328,676)
Public Works and Transportation	345,146	-	-	-	(345,146)	-	(345,146)
Parks	30,838	1,026	-	-	(29,812)	-	(29,812)
Interest and Fees on Long-Term Debt	9,618	-	-	-	(9,618)	-	(9,618)
	<u>\$ 1,273,564</u>	<u>\$ 346,996</u>	<u>\$ 41,215</u>	<u>\$ -</u>	<u>\$ (885,353)</u>	<u>\$ -</u>	<u>\$ (885,353)</u>
Business-Type Activities							
Water	\$ 1,057,306	\$ 351,698	\$ -	\$ 24,810	\$ -	\$ (680,798)	\$ (680,798)
Sewer	957,687	644,969	-	22,693	-	(290,025)	(290,025)
	<u>\$ 2,014,993</u>	<u>\$ 996,667</u>	<u>\$ -</u>	<u>\$ 47,503</u>	<u>\$ -</u>	<u>\$ (970,823)</u>	<u>\$ (970,823)</u>
Total Primary Government	<u>\$ 3,288,557</u>	<u>\$ 1,343,663</u>	<u>\$ 41,215</u>	<u>\$ 47,503</u>	<u>\$ (885,353)</u>	<u>\$ (970,823)</u>	<u>\$ (1,856,176)</u>
		General Revenues					
		Taxes					
					\$ 469,781	\$ -	\$ 469,781
					384,274	-	384,274
					192,198	-	192,198
					7,978	-	7,978
					52,926	-	52,926
					201,746	-	201,746
					1,827	-	1,827
					4,840	1,165	6,005
					264	-	264
					84,275	-	84,275
					(790,980)	790,980	-
					<u>\$ 609,129</u>	<u>\$ 792,145</u>	<u>\$ 1,401,274</u>
					\$ (276,224)	\$ (178,678)	\$ (454,902)
					2,299,400	6,224,677	8,524,077
					21,404	14,987	36,391
					<u>\$ 2,044,580</u>	<u>\$ 6,060,986</u>	<u>\$ 8,105,566</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, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 871,857	\$ 99,298	\$ 971,155
Receivables (Net of Allowance for Estimated Uncollectible Amounts of \$0)			
Property Taxes	470,056	-	470,056
From Other Governmental Units	197,510	3,192	200,702
Prepaid Expenses	10,967	-	10,967
Total Assets	<u>\$ 1,550,390</u>	<u>\$ 102,490</u>	<u>\$ 1,652,880</u>
LIABILITIES			
Accounts Payable	\$ 36,521	\$ 50,655	\$ 87,176
Accrued Payroll	20,536	-	20,536
Due to Developers	4,431	-	4,431
Interfund Balances	(12,783)	-	(12,783)
Sales Tax Rebate	3,439	-	3,439
Road Bonds	830	-	830
Total Liabilities	<u>\$ 52,974</u>	<u>\$ 50,655</u>	<u>\$ 103,629</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 529,038	-	\$ 529,038
Total Deferred Inflows of Resources	<u>\$ 529,038</u>	<u>-</u>	<u>\$ 529,038</u>
FUND BALANCES			
Nonspendable			
Prepaid Expenses	\$ 10,967	-	\$ 10,967
Restricted for:			
Social Security	110,352	-	110,352
Liability Insurance	55,159	-	55,159
Illinois Municipal Retirement Fund	83,483	-	83,483
Streets and Roads	-	27,523	27,523
Committed			
Sales Tax Trust Fund	37,920	-	37,920
Assigned for:			
Streets and Roads	-	24,312	24,312
Unassigned	670,497	-	670,497
Total Fund Balances	<u>\$ 968,378</u>	<u>\$ 51,835</u>	<u>\$ 1,020,213</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,550,390</u>	<u>\$ 102,490</u>	<u>\$ 1,652,880</u>

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, 2015

Total Fund Balances - Governmental Funds		\$ 1,020,213
<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		1,208,000
<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	\$ (181,312)	
Accrued Interest on Long-Term Debt	<u>(2,321)</u>	
		<u>(183,633)</u>
Net Position of Governmental Activities		<u><u>\$ 2,044,580</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, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Local Taxes			
Property Tax	\$ 469,781	\$ -	\$ 469,781
Intergovernmental			
State Sales Tax	384,274	-	384,274
State Income Tax	192,198	-	192,198
State Replacement Tax	7,978	-	7,978
State Motor Fuel Tax	-	52,926	52,926
Grants	38,821	-	38,821
Other Local Sources			
Vehicle Stickers	25,896	-	25,896
Other Licenses and Permits	71,296	-	71,296
Fines and Forfeitures	139,532	-	139,532
Franchise Fees	77,886	-	77,886
Impact Fees	1,827	-	1,827
Interest	4,826	14	4,840
Hotel Tax	26,276	-	26,276
Utility Tax	175,470	-	175,470
Miscellaneous			
Donations	2,394	-	2,394
Recreation Fees	1,026	-	1,026
Hall Rental Income	1,366	-	1,366
Other Miscellaneous	109,106	5,163	114,269
	<u>\$ 1,729,953</u>	<u>\$ 58,103</u>	<u>\$ 1,788,056</u>
EXPENDITURES			
Current			
General Government	\$ 373,786	\$ -	\$ 373,786
Public Safety	482,908	-	482,908
Public Works and Transportation	238,658	74,910	313,568
Parks	13,145	-	13,145
Capital Outlay	71,118	-	71,118
Debt Service			
Principal	44,571	-	44,571
Interest and Fees	9,618	-	9,618
	<u>\$ 1,233,804</u>	<u>\$ 74,910</u>	<u>\$ 1,308,714</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 496,149</u>	<u>\$ (16,807)</u>	<u>\$ 479,342</u>
OTHER FINANCING SOURCES/(USES)			
Proceeds from Sale of Capital Assets	\$ 9,193	\$ -	\$ 9,193
Proceeds from Issuance of Long-Term Debt	30,000	-	30,000
Transfers	(790,980)	-	(790,980)
	<u>\$ (751,787)</u>	<u>\$ -</u>	<u>\$ (751,787)</u>
NET CHANGE IN FUND BALANCES	\$ (255,638)	\$ (16,807)	\$ (272,445)
FUND BALANCES - MAY 1, 2014	1,202,612	68,642	1,271,254
FUND BALANCE ADJUSTMENT (Note 15)	<u>21,404</u>	<u>-</u>	<u>21,404</u>
FUND BALANCES - APRIL 30, 2015	<u>\$ 968,378</u>	<u>\$ 51,835</u>	<u>\$ 1,020,213</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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (272,445)

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	\$ (71,339)	
Capital Outlays	<u>58,049</u>	(13,290)

The change in the Net OPEB Obligation is not included in the governmental funds. 3,869

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	\$ (9,193)	
Gain/(Loss) on Sale of Capital Assets	<u>264</u>	(8,929)

Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as a revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but issuing debt increases long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Loan Proceeds		(30,000)
---------------	--	----------

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>44,571</u>
-----------------------------	--	---------------

Change in Net Position of Governmental Activities		<u><u>\$ (276,224)</u></u>
---	--	----------------------------

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, 2015

	Enterprise Fund Water and Sewer
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 566,006
Accounts Receivable (Net of Allowance for Estimated Uncollectible Accounts of \$1,000)	228,686
Prepaid Expenses	20,804
Interfund Balances	(12,783)
	\$ 802,713
Non-Current Assets	
Capital Assets	
Land	\$ 98,325
Equipment	249,127
Water and Sewer Systems	16,747,214
Less: Accumulated Depreciation	(4,421,489)
Unamortized Bond Discount (Net of Accumulated Amortization)	4,361
	\$ 12,677,538
Total Assets	\$ 13,480,251
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 44,279
Accrued Payroll	7,425
Accrued Expenses	82,148
Customer Deposits	16,278
Bonds and Notes Payable - Current	490,559
	\$ 640,689
Non-Current Liabilities	
Bonds and Notes Payable (Net of Current Portion Shown Above)	\$ 6,778,576
Total Liabilities	\$ 7,419,265
NET POSITION	
Net Investment in Capital Assets	\$ 5,404,042
Restricted for:	
Capital Projects	250,942
Unrestricted / (Deficit)	406,002
	406,002
Total Net Position	\$ 6,060,986

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, 2015

	<u>Enterprise Fund</u>
	<u>Water and Sewer</u>
OPERATING REVENUES	
Charges for Services	
Water Sales	\$ 281,799
Sewer Charges	578,830
Additional Unit Charge	92,824
Water Meter Sales	3,760
Penalties	12,962
Other	26,492
	\$ 996,667
OPERATING EXPENSES	
Water Department	
Personnel Salaries	\$ 106,461
Miscellaneous Personnel Expenses	47,127
Office Expenses	26,024
Operating Expenses	731,333
Depreciation	118,098
Sewer Department	
Personnel Salaries	110,247
Miscellaneous Personnel Expenses	49,389
Office Expenses	76,026
Operating Expenses	317,880
Depreciation	234,075
	\$ 1,816,660
OPERATING INCOME/(LOSS)	\$ (819,993)
NON-OPERATING REVENUE/(EXPENSE)	
Interest Income	\$ 1,165
Interest Expense	(197,245)
Amortization	(623)
Bond Fees	(465)
	\$ (197,168)
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ (1,017,161)
CAPITAL CONTRIBUTIONS	47,503
TRANSFERS (TO)/FROM OTHER FUNDS	790,980
CHANGE IN NET POSITION	\$ (178,678)
NET POSITION - MAY 1, 2014	6,224,677
NET POSITION ADJUSTMENT (Note 15)	14,987
NET POSITION - APRIL 30, 2015	\$ 6,060,986

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, 2015

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 967,876
Payments to Suppliers for Goods and Services	(1,177,181)
Payments to Employees for Services	(311,810)
Internal Activity - Payments to Other Funds	(161,150)
Other Receipts/(Payments)	26,492
Net Cash Provided/(Used) by Operating Activities	\$ (655,773)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ 790,980
Net Cash Provided/(Used) by Non-Capital Financing Activities	\$ 790,980
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contributions	\$ 47,503
Purchase of Capital Assets	(53,370)
Interest Paid on Capital Debt	(197,245)
Principal Paid on Capital Debt	(45,000)
Proceeds from Capital Lease	(9,066)
Bond Fees	(465)
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ (257,643)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 1,165
Net Cash Provided/(Used) by Investing Activities	\$ 1,165
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (121,271)
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2014	687,277
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2015	\$ 566,006
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ (819,993)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	352,173
Change in assets and liabilities:	
Receivables, net	(6,768)
Interfund Balances	(161,150)
Prepaid Expenses	3,464
Accounts Payable	(29,382)
Accrued Payroll	1,414
Customer Deposits	4,469
Net Cash Provided/(Used) by Operating Activities	\$ (655,773)

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, 2015

	Grant Recapture Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 514,535</u>
TOTAL ASSETS	<u>\$ 514,535</u>
LIABILITIES	<u>\$ -</u>
NET POSITION HELD IN TRUST	<u><u>\$ 514,535</u></u>

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, 2015

	Grant Recapture Fund
ADDITIONS	
Investment Earnings	
Interest	\$ 73
Total Investment Earnings	\$ 73
 TOTAL ADDITIONS	 \$ 73
 DEDUCTIONS	 \$ -
 NET INCREASE/(DECREASE)	 \$ 73
 NET POSITION HELD IN TRUST - MAY 1, 2014	 514,462
 NET POSITION HELD IN TRUST - APRIL 30, 2015	 \$ 514,535

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

VILLAGE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2015

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 safety, public works and transportation, 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, 2015.

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, 2015.

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 2014 levy was passed by the Board on December 4, 2014. 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, 2015 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	\$ 1,152,658	\$ 1,152,658	\$ -	\$ -	\$ -

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 has 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, 2015, 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, 2015 was as follows:

	Balance May 1, 2014	Increases	Decreases	Balance April 30, 2015
Governmental Activities				
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	1,205,607	10,000	-	1,215,607
Vehicles	181,439	37,200	23,810	194,829
Equipment	202,416	10,849	5,825	207,440
Infrastructure	42,064	-	-	42,064
Total Other Capital Assets at Historical Cost	\$ 2,038,183	\$ 58,049	\$ 29,635	\$ 2,066,597
Less Accumulated Depreciation				
Land Improvements	\$ 328,345	\$ 11,410	\$ -	\$ 339,755
Buildings	426,182	23,689	-	449,871
Vehicles	96,479	18,290	14,881	99,888
Equipment	116,478	15,847	5,825	126,500
Infrastructure	19,980	2,103	-	22,083
Total Accumulated Depreciation	\$ 987,464	\$ 71,339	\$ 20,706	\$ 1,038,097
Other Capital Assets, Net	\$ 1,050,719	\$ (13,290)	\$ 8,929	\$ 1,028,500
Governmental Activities Capital Assets, Net	\$ 1,230,219	\$ (13,290)	\$ 8,929	\$ 1,208,000

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance May 1, 2014	Increases	Decreases	Balance April 30, 2015
Business-Type Activities				
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	\$ 249,127	\$ -	\$ -	\$ 249,127
Water and Sewer Systems	16,693,844	53,370	-	16,747,214
Total Other Capital Assets at Historical Cost	<u>\$ 16,942,971</u>	<u>\$ 53,370</u>	<u>\$ -</u>	<u>\$ 16,996,341</u>
Less Accumulated Depreciation				
Equipment	\$ 147,888	\$ 24,997	\$ -	\$ 172,885
Water and Sewer Systems	3,921,428	327,176	-	4,248,604
Total Accumulated Depreciation	<u>\$ 4,069,316</u>	<u>\$ 352,173</u>	<u>\$ -</u>	<u>\$ 4,421,489</u>
Other Capital Assets, Net	<u>\$ 12,873,655</u>	<u>\$ (298,803)</u>	<u>\$ -</u>	<u>\$ 12,574,852</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,971,980</u>	<u>\$ (298,803)</u>	<u>\$ -</u>	<u>\$ 12,673,177</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:		
General Government		\$ 13,909
Public Safety		15,045
Public Works and Transportation		15,907
Parks		26,478
Total Governmental Activities Depreciation Expense		<u>\$ 71,339</u>
Business-Type Activities:		
Water		\$ 118,098
Sewer		234,075
Total Business-Type Activities Depreciation Expense		<u>\$ 352,173</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2015 was as follows:

	Balance May 1, 2014	Additions	Retirements	Balance April 30, 2015	Amounts Due Within One Year
Governmental Activities					
Long-Term Debt					
Bonds Payable					
General Obligation Bonds					
Dated 2/23/09	\$ 165,000	\$ -	\$ 30,000	\$ 135,000	\$ 30,000
Note Payable Dated 9/15/14	-	30,000	-	30,000	15,000
Lease/Purchase Agreements	30,883	-	14,571	16,312	4,816
Governmental Activities Long-Term Obligations	<u>\$ 195,883</u>	<u>\$ 30,000</u>	<u>\$ 44,571</u>	<u>\$ 181,312</u>	<u>\$ 49,816</u>
Business-Type Activities					
Long-Term Debt					
Bonds Payable					
General Obligation Refunding					
Debt Certificates Dated 5/8/02	\$ 455,000	\$ -	\$ 45,000	\$ 410,000	\$ 50,000
Revenue Bonds Dated 9/12/05	6,826,511	-	-	6,826,511	430,928
Lease/Purchase Agreement	41,690	-	9,066	32,624	9,631
Business-Type Activities Long-Term Obligations	<u>\$ 7,323,201</u>	<u>\$ -</u>	<u>\$ 54,066</u>	<u>\$ 7,269,135</u>	<u>\$ 490,559</u>

Bonds and notes payable consisted of the following at April 30, 2015:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities:				
General Obligation Bonds Dated 2/23/09	2/1/2019	4.80%	\$ 300,000	\$ 135,000
Note Payable Dated 9/15/14	9/15/2018	3.00%	30,000	30,000
Lease/Purchase Agreements Ford Truck	8/4/2018	1.20%	28,611	16,312
Business-Type Activities:				
General Obligation Refunding Debt Certificates Dated 5/8/02	12/1/2021	3.40% - 5.50%	890,000	410,000
Revenue Bonds Dated 9/12/05	6/5/2027	2.50%	6,826,511	6,826,511
Lease/Purchase Agreement	8/4/2018	1.20%	57,221	32,624

At April 30, 2015 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2016	\$ 49,816	\$ 8,023	\$ 57,839
2017	55,118	6,287	61,405
2018	40,440	3,600	44,040
2019	35,938	1,687	37,625
	<u>\$ 181,312</u>	<u>\$ 19,597</u>	<u>\$ 200,909</u>

At April 30, 2015 the annual debt service requirements to service long-term debt attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total
2016	\$ 490,559	\$ 191,685	\$ 682,244
2017	502,005	177,664	679,669
2018	518,763	163,331	682,094
2019	526,153	148,559	674,712
2020	535,954	133,685	669,639
2021	552,927	118,412	671,339
2022	570,201	102,563	672,764
2023	512,785	86,129	598,914
2024	525,684	73,230	598,914
2025	538,909	60,004	598,913
2026	552,465	46,449	598,914
2027	566,363	32,551	598,914
2028	580,611	18,303	598,914
2029	295,756	3,697	299,453
	<u>\$ 7,269,135</u>	<u>\$ 1,356,262</u>	<u>\$ 8,625,397</u>

NOTE 5 - INTERFUND BALANCES/TRANSFERS

Interfund balances at April 30, 2015 consisted of the following:

Due From	Due To	Amount
Water and Sewer Fund	General Fund	\$ 12,783

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.

Interfund transfers for the year ended April 30, 2015 consisted of the following:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - INTERFUND BALANCES/TRANSFERS (Continued)

Transfer From	Transfer To	Amount
General Fund	Water and Sewer Fund	\$ 790,980

All interfund transfers resulted from the need to cover expenses related to a water main break and to make prior year interfund balances permanent as originally intended.

NOTE 6 - DEFICIT FUND BALANCES

No Village fund reflected a deficit fund balance as of April 30, 2015.

NOTE 7 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements, in the amount of \$529,038, are from the 2014 tax levy. The unavailable revenue is 100% of the 2014 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 2015. The Village has determined that 100% of the amounts collected for the 2013 levy are allocable for use in fiscal year 2015. Therefore, 100% of the amounts collected for the 2013 levy (\$469,781) are recorded in these financial statements as property taxes revenue. A summary of the assessed valuations, rates and extensions for the years 2014, 2013, and 2012 follows:

TAX YEAR ASSESSED VALUATION	2014		2013		2012	
	Rate	Extension	Rate	Extension	Rate	Extension
		\$44,550,404		\$45,690,183		\$48,827,625
General	0.4375	\$ 194,908	0.4288	\$ 195,909	0.4115	\$ 200,903
Police Protection	0.1912	85,188	0.1865	85,234	0.1790	87,406
IMRF	0.0781	34,813	0.0762	34,832	0.0732	35,720
Audit	0.0416	18,519	0.0406	18,529	0.0389	19,001
Streets and Bridges	0.0535	23,826	0.0526	24,028	0.0466	22,770
Liability Insurance	0.0603	26,852	0.0588	26,866	0.0564	27,551
Social Security	0.1205	53,705	0.1176	53,735	0.1129	55,105
Worker's Compensation	0.0478	21,298	0.0466	21,310	0.0448	21,852
	<u>1.0305</u>	<u>\$ 459,109</u>	<u>1.0077</u>	<u>\$ 460,443</u>	<u>0.9632</u>	<u>\$ 470,308</u>
Road and Bridge (from Richmond Township)	-	\$ 10,052	-	\$ 9,867	-	\$ 11,990

NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2015, the Village had expenditures that exceeded the appropriations in the following fund:

Fund	Appropriations	Actual	Excess of Actual Over Appropriations
Motor Fuel Tax	\$ 19,935	\$ 74,910	\$ 54,975

NOTE 9 - OPERATING LEASES, AS LESSEE

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - OPERATING LEASES, AS LESSEE (Continued)

Year Ending April 30	Amount
2016	\$ 4,603
2017	4,604
2018	3,436
2019	2,268
2020	2,268
2021	567
	\$ 17,746

Rental expense under this lease for the year ended April 30, 2015 was \$5,685.

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 (RSI). That report may be obtained on-line at 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 2014 was 7.50%. 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, 2014 is as follows:

Annual required contribution	\$ 35,303
Adjustment to annual required contribution	(216)
Interest on net pension obligation	216
Annual pension cost	\$ 35,303
Contributions made	39,172
Increase/(decreases) in net pension obligation	\$ (3,869)
Net pension obligation beginning of year	3,869
Net pension obligation end of year	\$ -

The required contribution for calendar year ending December 31, 2014 was \$35,303.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

C. *Annual Pension Cost (Continued)*

Three Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2014	\$ 35,303	100%	\$ -
12/31/2013	33,574	100%	3,870
12/31/2012	39,571	100%	3,870

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 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 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

D. *Funded Status and Funding Progress*

As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 105.32% funded. The actuarial accrued liability for benefits was \$882,199 and the actuarial value of assets was \$929,099, resulting in an overfunded actuarial accrued liability (UAAL) of \$46,900. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$470,709. 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 uses Arthur J. Gallagher. Arthur J. Gallagher is a brokerage firm so the Village now has different carriers for the different types of coverage.

During the year ended April 30, 2015, 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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - RISK MANAGEMENT (Continued)

ended April 30, 2015, there were no significant adjustments in premiums based on actual experience. 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.

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, 2014 and 2015, the Village recognized revenue of \$129,966, \$196,369, \$223,927, \$56,443 and \$38,081, 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, 2015.

NOTE 14 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through August 25, 2015, 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 the General Fund and the Water and Sewer Fund balance/net position as of the beginning of the fiscal year due to the employee health insurance liability not being adjusted to offset the expense accounts.

	General Fund Net Position	Water and Sewer Fund Net Position
Balance, beginning of year, as previously stated	\$ 1,202,612	\$ 6,224,677
Increase due to employee health insurance liability	21,404	14,987
Balance, beginning of year, as restated	<u>\$ 1,224,016</u>	<u>\$ 6,239,664</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF RICHMOND
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2015

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)
12/31/2014	\$ 929,099	\$ 882,199	\$ (46,900)	105.32%	\$ 470,709	0.00%
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%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$1,101,781. On a market basis, the funded ratio would be 124.89%.

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.

VILLAGE OF RICHMOND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2015

	Appropriated Amounts	Actual Amounts
	Original and Final	Actual Amounts
REVENUES		
Local Taxes		
Property Tax	\$ 484,154	\$ 469,781
Intergovernmental		
State Sales Tax	402,062	384,274
State Income Tax	163,400	192,198
State Replacement Tax	6,883	7,978
Grants	57,044	38,821
Other Local Sources		
Vehicle Stickers	21,200	25,896
Other Licenses and Permits	42,319	71,296
Fines and Forfeitures	106,720	139,532
Franchise Fees	28,156	77,886
Impact Fees	1,326	1,827
Interest	2,177	4,826
Hotel Tax	20,135	26,276
Utility Tax	129,000	175,470
Miscellaneous		
Donations	6,650	2,394
Recreation Fees	17,590	1,026
Hall Rental Income	1,500	1,366
Other Miscellaneous	53,685	109,106
	<u>\$ 1,544,001</u>	<u>\$ 1,729,953</u>
EXPENDITURES		
Current		
General Government		
Personnel Services	\$ 235,208	\$ 160,774
Contractual Services	288,398	182,619
Commodities	15,825	11,342
Other Expenses	59,037	19,051
	<u>\$ 598,468</u>	<u>\$ 373,786</u>
Public Safety		
Personnel Services	\$ 578,137	\$ 350,167
Contractual Services	133,242	100,385
Commodities	51,150	31,607
Other Expenses	1,050	749
	<u>\$ 763,579</u>	<u>\$ 482,908</u>
Public Works and Transportation		
Personnel Services	\$ 203,014	\$ 115,202
Contractual Services	104,437	91,506
Commodities	58,612	29,830
Other Expenses	1,500	2,120
	<u>\$ 367,563</u>	<u>\$ 238,658</u>

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, 2015

	Appropriated Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
Current (Continued)		
Parks		
Personnel Services	\$ 14,007	\$ 6,166
Contractual Services	6,975	4,144
Commodities	3,750	2,721
Other Expenses	600	114
	\$ 25,332	\$ 13,145
Total Current	\$ 1,754,942	\$ 1,108,497
Capital Outlay		
General Government	\$ 8,235	\$ 2,174
Public Safety	74,850	52,058
Public Works and Transportation	56,520	15,671
Parks	2,400	1,215
	\$ 142,005	\$ 71,118
Debt Service		
Principal	\$ 48,600	\$ 44,571
Interest and Fees	11,943	9,618
	\$ 60,543	\$ 54,189
Total Expenditures	\$ 1,957,490	\$ 1,233,804
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (413,489)	\$ 496,149
OTHER FINANCING SOURCES/(USES)		
Proceeds from Sale of Capital Assets	\$ 35,500	\$ 9,193
Proceeds from Issuance of Long-Term Debt	-	30,000
Transfers	(456,476)	(790,980)
	\$ (420,976)	\$ (751,787)
NET CHANGE IN FUND BALANCES	\$ (834,465)	\$ (255,638)
FUND BALANCES - MAY 1, 2014	1,202,612	1,202,612
FUND BALANCE ADJUSTMENT (Note 15)	-	21,404
FUND BALANCES - APRIL 30, 2015	\$ 368,147	\$ 968,378

See Accompanying Independent Auditor's Report

VILLAGE OF RICHMOND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2015

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 17, 2014 and was amended on January 22, 2015.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2015, no fund presented as Required Supplementary Information had expenditures that exceeded the appropriations.