

The seal of the Village of Round Lake Beach, Illinois, is a circular emblem. It features an eagle with its wings spread, perched on a globe. The words "VILLAGE OF ROUND LAKE BEACH" are written in a circular path around the eagle, and "ILLINOIS" is written in a cursive font across the bottom. The words "CORPORATE SEAL" are also visible at the bottom of the circle.

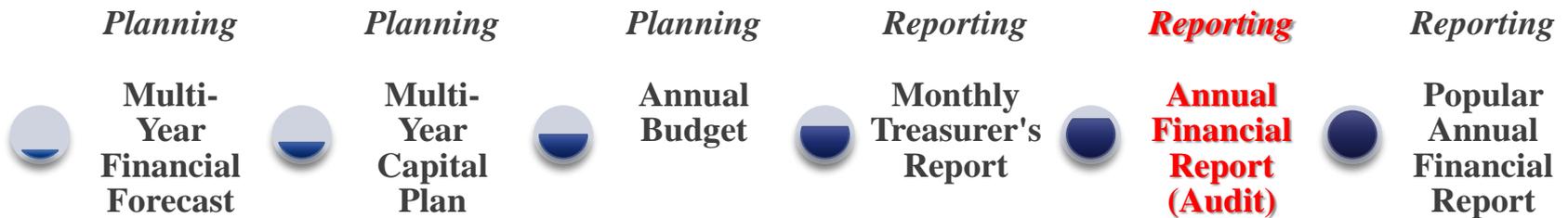
VILLAGE OF
ROUND LAKE BEACH

**FY2015 Annual Financial
Report and Audit**

February 1, 2016

Agenda

- ▶ Opinion
- ▶ MD&A – Financial Highlights
- ▶ Basic Financial Statements
- ▶ Notes to the Financial Statements
- ▶ Required Supplementary Information
- ▶ Notes to the Required Supplementary Information
- ▶ Supplementary Information
- ▶ Management Letter



Independent Auditor's Report – Opinion

- ▶ Pages 1–2
- ▶ Unqualified Opinion

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Round Lake Beach, Illinois, as of April 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Financial Highlights

Financial Highlights

- The governmental activities net position increased by \$246,162 (0.2%) to \$100,833,720. Business-type activities net position decreased by -\$464,951 (-2.5%) to \$18,530,490. Overall, the Village's net position amounts to \$119,364,210 as of April 30, 2015.
- The Village reported a combined fund balance of the governmental funds of \$12,561,933.
- The Village's General Fund ended at \$9,187,441. The change from FY2014 was primarily in non-spendable fund balance related to commercial property held for resale, which the Village disposed of during the fiscal year. As a result of this transaction, long-term liabilities decreased by -16% from \$22,691,098 in 2014 to \$19,101,432 in 2015; more details on long-term liabilities are provided in Page 9 of this analysis and also in Note 9 in the Notes section of the Financial Statements.
- The Village's General Fund actual revenues and other financing sources exceeded budgeted amounts by 2% and actual expenditures were under the budgeted amounts by 2%.
- Operations funded by the Village's General Fund cost \$1,641,100 (15%) more than in Fiscal Year 2014, while General Fund revenues increased by 17% or \$2,027,891 compared to the prior fiscal year. The increase in expenditures and revenues is mainly due changes in accounting for those items.
- The Village's Total Government Activities outstanding long term liabilities decreased by -10% compared to Fiscal Year 2014.

Basic Financial Statements

- ▶ **Government Wide Statements Page 11**
 - Breaks activity down by Governmental Activities and Business Type Activities (Water & Sewer)
 - Full Accrual – includes items such as capital assets, debt payable, Other Post Employment Benefits (OPEB) and Pension obligations
- ▶ **Fund Statements Page 14**
 - Modified Accrual
 - Shows individual fund activity

Notes to the Financial Statements

- ▶ Note 1. Summary of Significant Accounting Policies (Page 24)
- ▶ Note 2. Deposits and Investments (Page 31)
- ▶ Note 3. Receivables (Page 34)
- ▶ Note 4. Capital Assets (Page 36)
- ▶ Note 5. Interfund Advances (Internal Balances) (Page 38)
- ▶ Note 6. Interfund Transfers (Page 38)
- ▶ Note 7. Pledged Revenues (Page 38)
- ▶ Note 8. Short-Term Debt (Page 38)
- ▶ Note 9. Long-Term Debt (Page 39)
- ▶ Note 10. Risk Management (Page 44)
- ▶ Note 11. Contingent Liabilities (Page 44)
- ▶ Note 12. Joint Ventures (Page 44)
- ▶ Note 13. Employee Retirement Systems (Page 49)
- ▶ Note 14. Other Postemployment Benefits (OPEB) (Page 53)
- ▶ Note 16. New Governmental Accounting Standards (Page 55)

Required Supplementary Information (Unaudited)

- ▶ General Fund Only – Budget to Actual
 - Revenues – By Category
 - Expenditures – By Category and then by Cost Center
- ▶ Funding Progress
 - IMRF (87.86%)
 - Police Pension (63.63%)
 - OPEB (0%)

Notes to Required Supplementary Information

- ▶ **Note 1. Illinois Municipal Retirement Fund Schedule of Funding Progress Digest of Changes (Page 61)**
- ▶ **Note 2. Budgets (Page 61)**
- ▶ **Note 3. Actual Expenditures in Excess of Budget / Department in Individual Funds (Page 62)**

Supplementary Information

- ▶ Combining Statements
 - General Fund broken out
- ▶ Budget to Actual
 - By revenue source and function

Auditor's Report to the Board of Trustees

- ▶ Auditor's Areas of Responsibility
- ▶ Accounting Estimates
- ▶ Audit Adjustments (Findings)
- ▶ Management Letter

Questions

VILLAGE OF ROUND LAKE BEACH

AUDIT PRESENTATION
YEAR ENDED APRIL 30, 2015

RSM US LLP

February 1, 2016

This report is intended solely for the information and use of management and the Administration and Development Committee of the Village of Cary and is not intended to be and should not be used by anyone other than these specified parties.

Client Service Team

- Sean Hickey – Senior Manager
- Jessica West – Manager
- Erik Ginter – Senior Associate

Required Communications

- Opinions on the financial statements are unmodified “clean” opinions
- Significant judgments or accounting estimates by management
 - Pension obligations and other postretirement benefits
 - Depreciation and accumulated depreciation
 - Investments

Required Communications (cont.)

- Other communications:
 - No disagreements with management
 - No consultations with other accountants
 - No alternative accounting treatments discussed
 - Management letter indicating a significant deficiency due to 9 adjustments that were identified by the auditors.

Required Communications (cont.)

- Other written communication
 - Management representation letter
- Excellent cooperation from the Village management and staff
- Full and open access to entire organization

New Accounting Pronouncements in 2015

GASB 67 – Financial Reporting for Pension Plans
– had a significant impact on the Pension Plan in 2015.

- Additional reporting requirements by Pension Plans

Management Advice Comments

GASB 68 – Accounting and Financial Reporting for Pensions – significant impact for the Village in 2016. The Village will be required to do the following:

- The Village will have to record the unfunded liability in the Statement of Net Position and Statement of Activities

THANK YOU FOR
YOUR TIME AND
ATTENTION