

# The Village of Round Lake Beach



## Annual Financial Report (Audit)

Year Ended April 30, 2014

(May 1, 2013 – April 30, 2014)

# Village of Round Lake Beach, Illinois

Annual Financial Report  
Year Ended April 30, 2014



Assurance ■ Tax ■ Consulting

## **INTRODUCTORY SECTION**

# Village of Round Lake Beach, Illinois

Annual Financial Report

Year Ended April 30, 2014

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**Village of Round Lake Beach, Illinois**

Annual Financial Report

Year Ended April 30, 2014

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**Village of Round Lake Beach, Illinois  
Trustees and Officials**

**April 30, 2014**

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Legislative

Village Board of Trustees

Richard Hill, Village President

Jerry Mattingly

Tom Smith

Chuck Husk

Larry Mount

Susan Butler

Sylvia Valadez

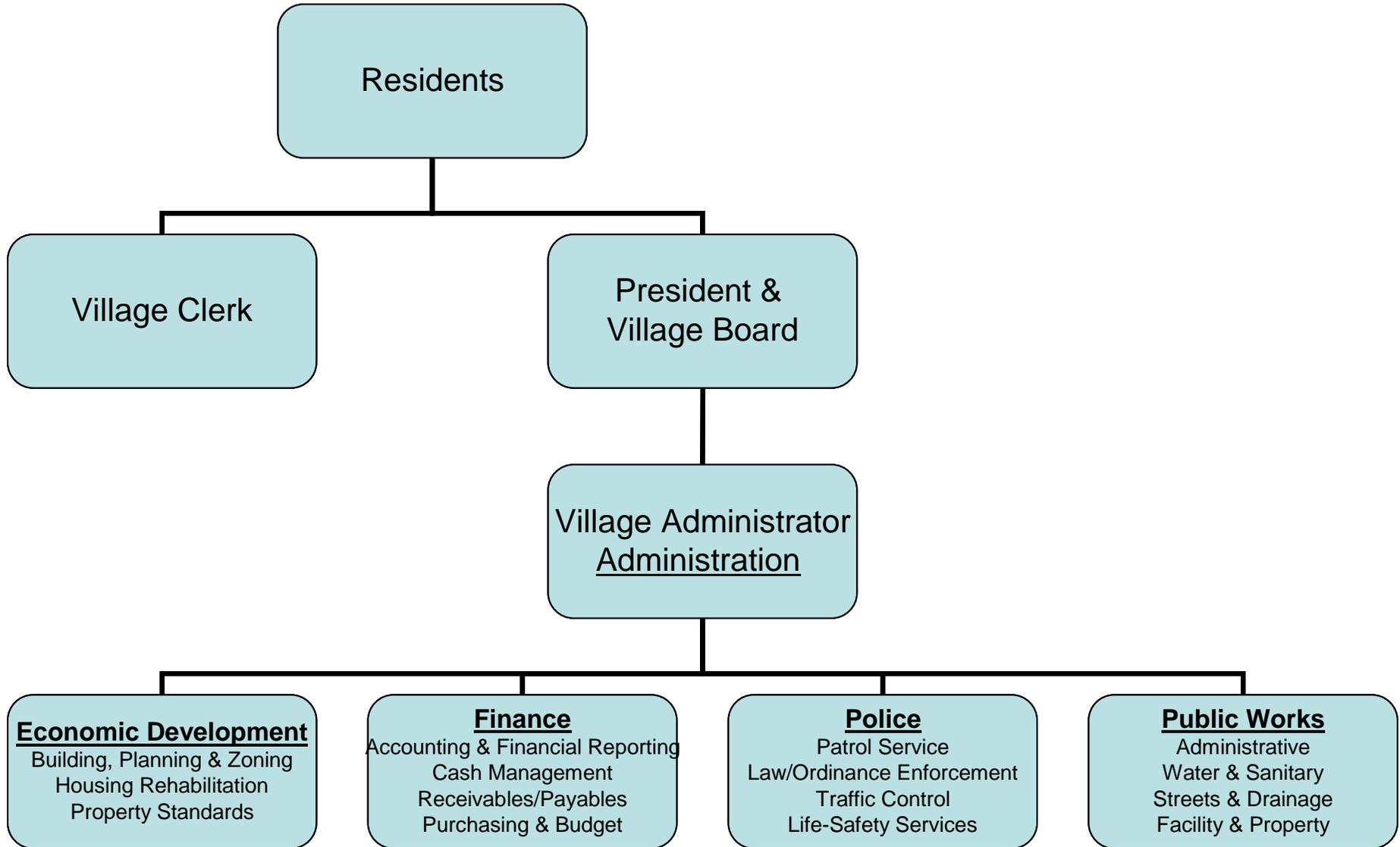
Administration

David Kilbane, Village Administrator

Department of Finance

Brian Gosnell, Finance Director

# VILLAGE OF ROUND LAKE BEACH



## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**



## Independent Auditor's Report

The Honorable Mayor  
Members of the Board of Trustees  
Village of Round Lake Beach, Illinois

### **Report on the 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 the Village of Round Lake Beach, Illinois, 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 did not audit the financial statements of the Police Pension Fund, a pension trust fund included as a fiduciary fund type, which represent 90 percent, 96 percent, and 70 percent, respectively, of the assets, net position/fund balance, and revenues/additions of the aggregate remaining fund information of the Village. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the pension trust fund, is based solely on the report of the other auditors. 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 from 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 misstatement 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 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, 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, 2014, 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.

### ***Emphasis of Matter***

As discussed in Note 15 to the financial statements, during the year ended April 30, 2014 the Village implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which required a restatement of opening net position of \$372,990. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information:*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 10), budgetary comparison information (page 60), and pension and OPEB information (pages 61 - 63) 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.

#### *Other Information:*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The Supplemental Data (pages 66 – 90), and the Introductory Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*McGladrey LLP*

Schaumburg, Illinois  
October 31, 2014

**Village of Round Lake Beach, Illinois  
Management's Discussion and Analysis  
April 30, 2014**

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Management of the Village of Round Lake Beach provides this narrative overview of the financial statements and activity for the fiscal year ended April 30, 2014. It is intended to be read in conjunction with the financial statements.

**Financial Highlights**

- The Village's net position increased by \$1,219,100 (1.03%) during the fiscal year ended April 30, 2014.
- The governmental activities net position increased by \$192,223 (0.2%) to \$100,587,558. Business-type activities net position increased by \$1,026,877 (6%) to \$18,995,441.
- The Village reported a combined fund balance of the governmental funds of \$15,097,681, an increase of 5% or \$735,300.
- The Village's General Fund reported an increase in fund balance of \$1,366,428 (13%) to \$11,992,630. The increase was primarily due to the implementation of Village-wide operating efficiencies.
- Operations funded by the Village's General Fund cost \$72,808 (0.7%) more than in Fiscal Year 2013, while General Fund revenues increased by 4% or \$421,494 compared to the prior fiscal year.
- The Village's General Fund actual revenues and other financing sources exceeded budgeted amounts by 6% and the actual expenditures were under the budgeted amounts by 5%.
- The Village's Total Government activities outstanding long-term liabilities decreased by 8% compared to Fiscal Year 2013.

**Overview of the Financial Statements**

The financial statements' focus is on both the Village as a whole government (government-wide) and on the major individual funds. Both perspectives are useful to the reader. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements consolidate all governmental and business-type activities, providing a broad overview of Village finances. The Statement of Net Position combines and consolidates the Village's financial resources (short-term, spendable resources) with capital assets and long-term obligations. The difference between assets and liabilities is reported as "net position."

The Statement of Activities presents the gross and net cost of various activities, which are supported by the government's general taxes and other resources. This report highlights the cost and amount of subsidy required for some government activities. "Governmental activities" are those functions of the Village that are funded primarily by taxes and intergovernmental revenues, while "business-type activities" are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Village include general government, public safety, community (economic) development, public works and debt service. The Village's water utility is its sole business-type activity. The government-wide financial statements can be found on pages 11 - 13 of this report.

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

**Village of Round Lake Beach, Illinois  
Management's Discussion and Analysis (Continued)  
April 30, 2014**

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*Governmental funds.* Governmental funds are used to account for primarily 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. The focus of the governmental funds is narrower than that of the government-wide financial statements. For this reason, a reconciliation is provided, which helps to explain the long-term impact of the government's short-term financing decisions.

The Village maintains seven 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, the TIF #1 Debt Service and Capital Projects Funds, and the G.O. Bond Debt Service Fund. Three other funds are summarized under the heading, "Nonmajor Funds." Individual fund data for these funds is provided in the statements and schedules on pages 14 – 17 and 66 - 89.

The Village adopts an annual appropriated budget for its governmental funds. Budgetary comparisons have been provided to demonstrate compliance with the budget.

*Proprietary funds.* The Village has only one proprietary fund, the Waterworks and Sewerage Fund. The revenues and cost of the services are reported in this section. In proprietary funds, the goal is to match the fee charged to the customers to the full cost of providing the service, including non-cash costs such as depreciation of capital assets. This fund is presented on pages 19 – 22 and page 90.

*Fiduciary funds.* The Village is the fiduciary for the Police Pension Fund. These activities are excluded from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes, but has no direct management of the money in this fund. The Police Pension Fund activities are reported in separate reports, the Statement of Fiduciary Plan Net position and the Statement of Changes in Fiduciary Plan Net position, on pages 23 - 24.

**Notes to the financial statements.** The notes provide additional information that is essential for 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 25 - 59.

**Government-wide Statements**

Over time, net position may serve as a useful indicator of a government's financial position. The Village's Total Government assets exceeded liabilities by \$119,582,999 at the end of the most recent fiscal year.

Eighty nine percent of total net position is the net investment in capital assets while 1% is restricted in its use by external sources. The remaining 10% is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

**Village of Round Lake Beach, Illinois**  
**Management's Discussion and Analysis (Continued)**  
**April 30, 2014**

The following table reflects the condensed Statement of Net Position, comparing April 30, 2013, to April 30, 2014.

Village of Round Lake Beach – Condensed Statement of Net Position

|                                     | Governmental<br>Activities |                       | Business-type<br>Activities |                     | Total<br>Government   |                       |
|-------------------------------------|----------------------------|-----------------------|-----------------------------|---------------------|-----------------------|-----------------------|
|                                     | 2014                       | 2013                  | 2014                        | 2013                | 2014                  | 2013                  |
| <b>Assets</b>                       |                            |                       |                             |                     |                       |                       |
| Current and Other Assets            | \$ 19,331,950              | \$ 18,811,253         | \$ 4,801,704                | \$ 5,384,876        | \$ 24,133,654         | \$ 24,196,129         |
| Capital Assets                      | 109,665,643                | 112,247,452           | 17,735,441                  | 16,188,790          | 127,401,084           | 128,436,242           |
| <b>Total Assets</b>                 | <b>128,997,593</b>         | <b>131,058,705</b>    | <b>22,537,145</b>           | <b>21,573,666</b>   | <b>151,534,738</b>    | <b>152,632,371</b>    |
| <b>Deferred Outflows</b>            | <b>394,300</b>             | <b>438,755</b>        | -                           | -                   | <b>394,300</b>        | <b>438,755</b>        |
| <b>Liabilities</b>                  |                            |                       |                             |                     |                       |                       |
| Current Liabilities                 | 3,191,204                  | 5,923,915             | 1,555,753                   | 1,462,143           | 4,746,957             | 7,386,058             |
| Non-current Liabilities             | 23,085,398                 | 25,178,210            | 1,985,951                   | 2,142,959           | 25,071,349            | 27,321,169            |
| <b>Total Liabilities</b>            | <b>26,276,602</b>          | <b>31,102,125</b>     | <b>3,541,704</b>            | <b>3,605,102</b>    | <b>29,818,306</b>     | <b>34,707,227</b>     |
| <b>Deferred Inflows</b>             | <b>2,527,733</b>           | <b>2,429,007</b>      | -                           | -                   | <b>2,527,733</b>      | <b>2,429,007</b>      |
| <b>Net Position</b>                 |                            |                       |                             |                     |                       |                       |
| Net Investment<br>in Capital Assets | 88,551,288                 | 91,113,342            | 16,048,947                  | 14,376,483          | 104,600,235           | 105,489,825           |
| Restricted                          | 393,038                    | 652,855               | -                           | -                   | 393,038               | 652,855               |
| Unrestricted                        | 11,643,232                 | 8,629,138             | 2,946,494                   | 3,592,081           | 14,589,726            | 12,221,219            |
| <b>Total Net Position</b>           | <b>\$ 100,587,558</b>      | <b>\$ 100,395,335</b> | <b>\$18,995,441</b>         | <b>\$17,968,564</b> | <b>\$ 119,582,999</b> | <b>\$ 118,363,899</b> |

**Village of Round Lake Beach, Illinois**  
**Management's Discussion and Analysis (Continued)**  
**April 30, 2014**

The following table shows the revenues and expenses of the Village's activities, broken out by type, comparing Fiscal Year 2013 to Fiscal Year 2014.

Village of Round Lake Beach  
Changes in Net Position for the Fiscal Years ended April 30, 2013 and 2014

|   | Governmental Activities |                       | Business-type Activities |                      | Total Government      |                       |
|---|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|   | 2014                    | 2013                  | 2014                     | 2013                 | 2014                  | 2013                  |
| <b>Revenues</b>                         |                         |                       |                          |                      |                       |                       |
| Program Revenues                        |                         |                       |                          |                      |                       |                       |
| Charges for Service                     | \$ 1,787,844            | \$ 1,962,448          | \$ 6,306,887             | \$ 6,359,939         | \$ 8,094,731          | \$ 8,322,387          |
| Operating Grants                        | 950,970                 | 917,215               | -                        | -                    | 950,970               | 917,215               |
| Capital Grants/Contributions            | 360,277                 | -                     | 13,995                   | -                    | 374,272               | -                     |
| Taxes                                   |                         |                       |                          |                      |                       |                       |
| Property Taxes                          | 2,421,858               | 2,441,974             | -                        | -                    | 2,421,858             | 2,441,974             |
| Sales Taxes                             | 4,706,070               | 5,215,795             | -                        | -                    | 4,706,070             | 5,215,795             |
| Other Revenue                           | 5,407,678               | 5,275,151             | 664                      | 105,238              | 5,408,342             | 5,380,389             |
| <b>Total Revenues</b>                   | <b>15,634,697</b>       | <b>15,812,583</b>     | <b>6,321,546</b>         | <b>6,465,177</b>     | <b>21,956,243</b>     | <b>22,277,760</b>     |
| <b>Expenses</b>                         |                         |                       |                          |                      |                       |                       |
| General Government                      | 1,780,192               | 3,372,391             | -                        | -                    | 1,780,192             | 3,372,391             |
| Public Safety                           | 6,794,311               | 7,206,798             | -                        | -                    | 6,794,311             | 7,206,798             |
| Economic Development                    | 817,430                 | 735,731               | -                        | -                    | 817,430               | 735,731               |
| Public Works                            | 3,644,247               | 2,091,909             | -                        | -                    | 3,644,247             | 2,091,909             |
| Debt Service                            | 695,443                 | 783,259               | -                        | -                    | 695,443               | 783,259               |
| Water                                   | -                       | -                     | 7,005,521                | 6,451,933            | 7,005,521             | 6,451,933             |
| <b>Total Expenses</b>                   | <b>13,731,622</b>       | <b>14,190,088</b>     | <b>7,005,521</b>         | <b>6,451,933</b>     | <b>20,737,143</b>     | <b>20,642,021</b>     |
| Transfers                               | (1,710,852)             | -                     | 1,710,852                | -                    | -                     | -                     |
| <b>Excess (Deficiency)</b>              | <b>192,223</b>          | <b>1,622,495</b>      | <b>1,026,877</b>         | <b>13,244</b>        | <b>1,219,100</b>      | <b>1,635,739</b>      |
| <b>Net Position</b>                     |                         |                       |                          |                      |                       |                       |
| Beginning of Year, as restated          | 100,395,335             | 98,772,840            | 17,968,564               | 17,955,320           | 118,363,899           | 116,728,160           |
| <b>Total Net Position - End of Year</b> | <b>\$ 100,587,558</b>   | <b>\$ 100,395,335</b> | <b>\$ 18,995,441</b>     | <b>\$ 17,968,564</b> | <b>\$ 119,582,999</b> | <b>\$ 118,363,899</b> |

In the governmental activities, total revenues decreased by \$177,886 (1%) compared to Fiscal Year 2013. The most significant increases included Operating Grants (4% or \$33,755) and Other Revenue (3% or \$132,527). The most significant decreases were in Charges for Service (9% or \$174,604) and Sales Tax (10% or \$509,725); construction period in the Village's main commercial area continues to have an impact on retail sales.

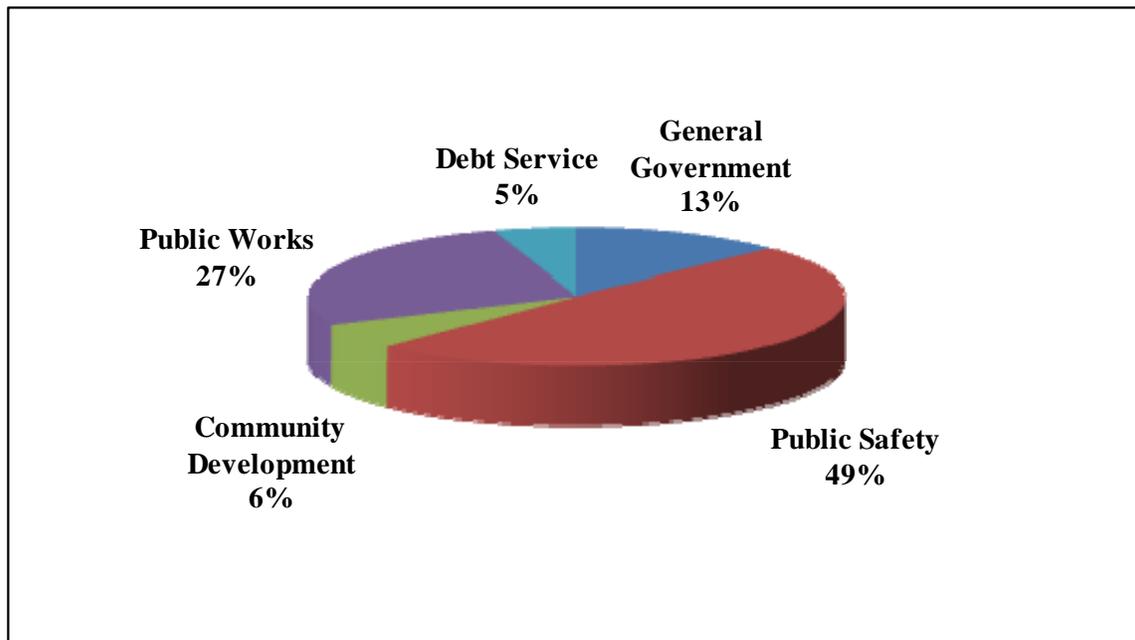
Governmental activity expenses decreased by \$458,466 compared to Fiscal Year 2013, or 3%. A significant decrease in the General Government category of \$1,592,199 or 47% accounts for the majority of the decrease.

**Village of Round Lake Beach, Illinois  
Management's Discussion and Analysis (Continued)  
April 30, 2014**

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The breakdown of expenses by type in the Governmental funds is shown in the chart below.

Village of Round Lake Beach  
Percentage of Governmental Activity Expenses by Function



For business-type activities (the Water and Sewer Fund), total revenues decreased 2% while total expenses increased 9% compared with Fiscal Year 2013.

The detailed revenues and expenditures/expenses compared to their budgeted amounts can be found in the Supplementary Information section on pages 66 - 90.

**Financial Analysis of the Village's Funds**

**Governmental Funds.** The focus of the Village's governmental funds statements on pages 14 - 18 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 the useful measure of a government's net resources available for spending at the end of the fiscal year. At April 30, 2014, the governmental funds reported a combined fund balance of \$15,097,681, which is a 5% increase over Fiscal Year 2013.

Of the total fund balance, \$8,548,830 is unassigned, meaning that it is available for ongoing Village services. Of the remaining fund balance, \$3,220,036 is assigned for debt service; and \$3,328,815 is restricted or nonspendable.

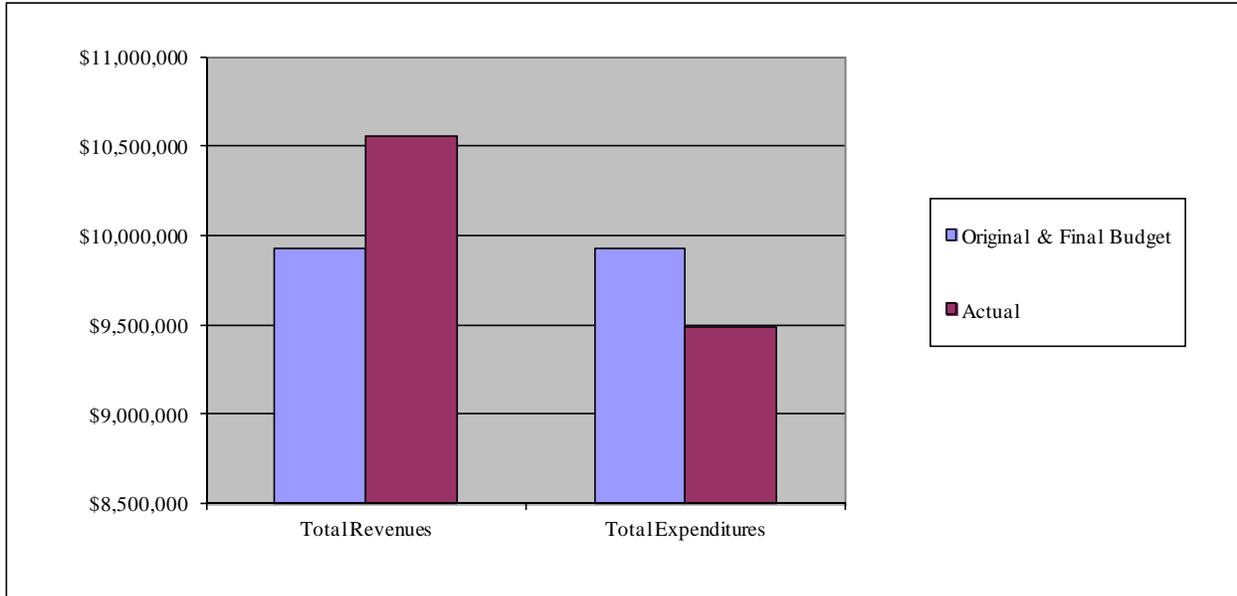
The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund fund balance increased by \$1,366,428 or 13%. The unassigned General Fund, fund balance increased by \$797,902 or 10%.

**Village of Round Lake Beach, Illinois  
 Management's Discussion and Analysis (Continued)  
 April 30, 2014**

**General Fund Budgetary Highlights**

The chart below shows how the Fiscal Year 2014 actual revenues and expenditures compared to the approved budget.

Village of Round Lake Beach  
 General Fund  
 Actual Revenues and Expenditures vs. Budget



The General Fund actual revenues and other financing sources exceeded the original budgeted revenues by \$631,198 for Fiscal Year 2014. Revenue sources that were significantly greater than budgeted amounts include intergovernmental revenues (\$280,633 over budget); charges for services (\$130,240 over budget); and other taxes (\$81,748 over budget).

The General Fund's total actual expenditures were \$441,549 under the General Fund budgeted amount of \$9,929,560. Public Safety came in \$382,053 under budget.

**Capital Assets**

Capital assets include land, land improvements, buildings, infrastructure, equipment and construction in process. The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2014, amounts to \$127,401,084 (Note 4). This is a \$1,035,158 (1%) decrease over Fiscal Year 2013.

**Village of Round Lake Beach, Illinois  
Management's Discussion and Analysis (Continued)  
April 30, 2014**

Village of Round Lake Beach  
Summary of Capital Assets, Net of Accumulated Depreciation

|                                | Governmental<br>Activities |                       | Business-type<br>Activities |                      | Total<br>Government   |                       |
|--------------------------------|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
|                                | 2014                       | 2013                  | 2014                        | 2013                 | 2014                  | 2013                  |
| Land                           | \$ 38,998,053              | \$ 38,485,115         | \$ 79,258                   | \$ 79,258            | \$ 39,077,311         | \$ 38,564,373         |
| Buildings                      | 8,727,976                  | 9,021,994             | 254,467                     | 267,523              | 8,982,443             | 9,289,517             |
| Wells and pumping stations     | -                          | -                     | 1,003,057                   | 1,084,770            | 1,003,057             | 1,084,770             |
| Sewer and water system         | -                          | -                     | 15,553,637                  | 14,324,667           | 15,553,637            | 14,324,667            |
| Infrastructure                 | 55,112,349                 | 53,249,385            | -                           | -                    | 55,112,349            | 53,249,385            |
| Equipment, furniture, vehicles | 678,539                    | 647,016               | 122,595                     | 147,270              | 801,134               | 794,286               |
| Land improvements              | 5,449,911                  | 5,682,754             | -                           | -                    | 5,449,911             | 5,682,754             |
| Construction in progress       | 698,815                    | 5,161,188             | 722,427                     | 285,302              | 1,421,242             | 5,446,490             |
| <b>Net Capital Assets</b>      | <b>\$ 109,665,643</b>      | <b>\$ 112,247,452</b> | <b>\$ 17,735,441</b>        | <b>\$ 16,188,790</b> | <b>\$ 127,401,084</b> | <b>\$ 128,436,242</b> |

**Debt Outstanding**

The Village had a total of \$24,678,174 in debt outstanding as of April 30, 2014. This is a \$2,204,240 (8%) decrease over last year.

Under the 1970 Illinois Constitution, there is no legal debt limit for home rule municipalities except as set by the General Assembly. If the Village were subject to such a limitation, outstanding indebtedness could not exceed 8.625% of equalized assessed valuation. Currently, the Village's direct bonded debt of \$16,325,000 represents 5.180% of the Village's equalized assessed valuation of \$314,918,389.

The breakdown of the debt is shown in the chart below.

Village of Round Lake Beach  
Long-Term Liabilities as of April 30, 2014 and April 30, 2013

|   | Governmental<br>Activities |                      | Business-type<br>Activities |                     | Total<br>Government  |                      |
|---|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
|   | 2014                       | 2013                 | 2014                        | 2013                | 2014                 | 2013                 |
| General Obligation Bonds                        | \$ 16,325,000              | \$ 17,670,000        | \$ -                        | \$ -                | \$ 16,325,000        | \$ 17,670,000        |
| TIF Revenue Bonds                               | -                          | 535,000              | -                           | -                   | -                    | 535,000              |
| Notes Payable                                   | 4,892,829                  | 5,248,936            | -                           | -                   | 4,892,829            | 5,248,936            |
| Deferred refunding costs                        | (394,300)                  | (438,755)            | -                           | -                   | (394,300)            | (438,755)            |
| Unamortized premium on debt<br>issuance         | 243,539                    | 272,446              | -                           | -                   | 243,539              | 272,446              |
| Leases payable                                  | 47,287                     | 196,483              | -                           | -                   | 47,287               | 196,483              |
| Compensated absences                            | 272,740                    | 281,232              | 80,639                      | 75,580              | 353,379              | 356,812              |
| Net pension obligations                         | 128,149                    | 48,910               | 31,753                      | 27,459              | 159,902              | 76,369               |
| Net other postemployment<br>obligation benefits | 774,985                    | 733,414              | 187,065                     | 178,731             | 962,050              | 912,145              |
| Illinois EPA loan payable                       | -                          | -                    | 1,686,494                   | 1,812,307           | 1,686,494            | 1,812,307            |
| Claims and judgments                            | 400,869                    | 191,789              | 1,125                       | 48,882              | 401,994              | 240,671              |
| <b>Total Outstanding Debt</b>                   | <b>\$ 22,691,098</b>       | <b>\$ 24,739,455</b> | <b>\$ 1,987,076</b>         | <b>\$ 2,142,959</b> | <b>\$ 24,678,174</b> | <b>\$ 26,882,414</b> |

Additional information regarding the Village's outstanding debt is available in Note 9.

### **Economic Factors and Next Year's Budget**

Major revenue streams such as sales tax have seen increases year to year which is expected to slow due to a continued major road construction project in a major commercial corridor. The impact of decreased assessed valuations and foreclosure rates on property has continued. The Village has implemented a number of operational and staffing efficiencies in the previous 5 years and Operating departments continue to search for streamlining of service delivery and operational efficiencies.

The balanced budget for Fiscal Year 2015 includes a total in all funds of \$20,966,407 in revenues and expenses. This is a 9% decrease over the Fiscal Year 2014 budget. Despite the difficult economy, the Village is committed to moving forward with planned and necessary capital improvements. Nearly \$4 million will be invested in capital expenditures, including lift station and well upgrades, water main and street improvements and reconstruction, vehicles and equipment, and sidewalks.

### **Requests for Information**

This financial report is designed to provide the Village's residents, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability. Questions concerning this report or requests for additional financial information should be directed to the Finance Director, Village of Round Lake Beach, 1937 N. Municipal Way, Round Lake Beach, IL 60073. The Village's annual financial reports and annual budget documents are available on the Village website under the "Finance Department" link at [www.villageofroundlakebeach.com](http://www.villageofroundlakebeach.com).

## **BASIC FINANCIAL STATEMENTS**

Village of Round Lake Beach, Illinois

Statement of Net Position

April 30, 2014

|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 |
|--|----------------------------|-----------------------------|-----------------------|
| <b>Assets</b>                                    |                            |                             |                       |
| Cash and investments                             | \$ 10,458,691              | \$ 3,015,766                | \$ 13,474,457         |
| Receivables                                      |                            |                             |                       |
| Property taxes                                   | 2,527,733                  | -                           | 2,527,733             |
| Accounts   | 25,106                     | 1,719,727                   | 1,744,833             |
| Other  | 1,241,781                  | 66,211                      | 1,307,992             |
| Prepaid items                                    | 232,718                    | -                           | 232,718               |
| Due from other governments                       | 2,142,862                  | -                           | 2,142,862             |
| Property held for resale                         | 2,703,059                  | -                           | 2,703,059             |
| Capital assets                                   |                            |                             |                       |
| Capital assets not being depreciated             | 39,696,868                 | 801,685                     | 40,498,553            |
| Capital assets (net of accumulated depreciation) | 69,968,775                 | 16,933,756                  | 86,902,531            |
| <b>Total assets</b>                              | <b>128,997,593</b>         | <b>22,537,145</b>           | <b>151,534,738</b>    |
| <b>Deferred Outflows of Resources</b>            |                            |                             |                       |
| Deferred loss on refunding                       | 394,300                    | -                           | 394,300               |
| <b>Liabilities</b>                               |                            |                             |                       |
| Accounts payable                                 | 710,050                    | 161,227                     | 871,277               |
| Claims payable                                   | 13,918                     | 1,125                       | 15,043                |
| Sewer fees payable to Lake County                | -                          | 530,843                     | 530,843               |
| Accrued payroll                                  | 266,318                    | 53,020                      | 319,338               |
| Accrued interest payable                         | 1,964,078                  | -                           | 1,964,078             |
| Other payables and accrued liabilities           | 187,616                    | -                           | 187,616               |
| Refundable deposits                              | -                          | 733,533                     | 733,533               |
| Unearned revenue                                 | 49,224                     | 76,005                      | 125,229               |
| Long-term obligations                            |                            |                             |                       |
| Due within one year                              | 4,550,466                  | 208,923                     | 4,759,389             |
| Due in more than one year                        | 18,534,932                 | 1,777,028                   | 20,311,960            |
| <b>Total liabilities</b>                         | <b>26,276,602</b>          | <b>3,541,704</b>            | <b>29,818,306</b>     |
| <b>Deferred Inflows of Resources</b>             |                            |                             |                       |
| Property tax levies intended to finance FY15     | 2,527,733                  | -                           | 2,527,733             |
| <b>Net Position</b>                              |                            |                             |                       |
| Net investment in capital assets                 | 88,551,288                 | 16,048,947                  | 104,600,235           |
| Restricted for:                                  |                            |                             |                       |
| Roads (motor fuel tax allotments)                | 304,932                    | -                           | 304,932               |
| Police grants, donations and fines               | 85,234                     | -                           | 85,234                |
| Economic development (TIF Funds)                 | 2,872                      | -                           | 2,872                 |
| Unrestricted                                     | 11,643,232                 | 2,946,494                   | 14,589,726            |
| <b>Total net position</b>                        | <b>\$ 100,587,558</b>      | <b>\$ 18,995,441</b>        | <b>\$ 119,582,999</b> |

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Activities  
Year Ended April 30, 2014

| Functions/Programs                   | Expenses             | Program Revenues     |                                    |                                  |
|--------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                      |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities              |                      |                      |                                    |                                  |
| General government                   | \$ 1,780,192         | \$ 867,924           | \$ 302                             | \$ -                             |
| Public safety                        | 6,794,311            | 781,300              | -                                  | -                                |
| Economic development                 | 817,430              | 112,354              | 19,326                             | 360,277                          |
| Public works                         | 3,644,247            | 26,266               | 931,342                            | -                                |
| Interest                             | 695,443              | -                    | -                                  | -                                |
| <b>Total governmental activities</b> | <b>13,731,622</b>    | <b>1,787,844</b>     | <b>950,970</b>                     | <b>360,277</b>                   |
| Business-type activities             |                      |                      |                                    |                                  |
| Water and sewer                      | 7,005,521            | 6,306,887            | -                                  | 13,995                           |
| <b>Total</b>                         | <b>\$ 20,737,143</b> | <b>\$ 8,094,731</b>  | <b>\$ 950,970</b>                  | <b>\$ 374,272</b>                |

General revenues  
 Taxes  
   Property  
   Local sales tax  
   Telecommunications  
   Utility  
   Amusement  
 Intergovernmental  
   Income tax  
   Sales tax  
   Use tax  
   Personal property replacement tax  
   Investment income  
 Miscellaneous  
 Transfers  
   Total general revenues  
  
 Change in net position  
  
 Net position - beginning, as restated  
  
 Net position - ending

See Notes to Financial Statements.

Net (Expense), Revenue and Changes in Net Position

| Governmental<br>Activities | Business-Type<br>Activities | Total                 |
|----------------------------|-----------------------------|-----------------------|
| \$ (911,966)               | \$ -                        | \$ (911,966)          |
| (6,013,011)                | -                           | (6,013,011)           |
| (325,473)                  | -                           | (325,473)             |
| (2,686,639)                | -                           | (2,686,639)           |
| (695,443)                  | -                           | (695,443)             |
| <u>(10,632,531)</u>        | <u>-</u>                    | <u>(10,632,531)</u>   |
| -                          | (684,639)                   | (684,639)             |
| <u>(10,632,531)</u>        | <u>(684,639)</u>            | <u>(11,317,170)</u>   |
| 2,421,858                  | -                           | 2,421,858             |
| 3,524,842                  | -                           | 3,524,842             |
| 621,111                    | -                           | 621,111               |
| 967,202                    | -                           | 967,202               |
| 340,547                    | -                           | 340,547               |
| 2,690,667                  | -                           | 2,690,667             |
| 1,181,228                  | -                           | 1,181,228             |
| 499,249                    | -                           | 499,249               |
| 15,268                     | -                           | 15,268                |
| 43,324                     | 664                         | 43,988                |
| 230,310                    | -                           | 230,310               |
| <u>(1,710,852)</u>         | <u>1,710,852</u>            | <u>-</u>              |
| <u>10,824,754</u>          | <u>1,711,516</u>            | <u>12,536,270</u>     |
| 192,223                    | 1,026,877                   | 1,219,100             |
| <u>100,395,335</u>         | <u>17,968,564</u>           | <u>118,363,899</u>    |
| <u>\$ 100,587,558</u>      | <u>\$ 18,995,441</u>        | <u>\$ 119,582,999</u> |

Village of Round Lake Beach, Illinois

Balance Sheet - Governmental Funds  
April 30, 2014

|   | General<br>Fund      | G.O. Bond<br>Debt Service<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|-----------------------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>   |                      |                                   |                                   |                                |
| Cash and investments  | \$ 7,305,576         | \$ 2,330,656                      | \$ 822,459                        | \$ 10,458,691                  |
| Receivables   |                      |                                   |                                   |                                |
| Property taxes  | 2,527,733            | -                                 | -                                 | 2,527,733                      |
| Intergovernmental   | -                    | -                                 | 327,936                           | 327,936                        |
| Accounts  | 24,199               | -                                 | 907                               | 25,106                         |
| Other   | 913,845              | -                                 | -                                 | 913,845                        |
| Due from other governments  | 2,090,920            | -                                 | 51,942                            | 2,142,862                      |
| Advances to other funds   | 914                  | -                                 | 4,836                             | 5,750                          |
| Prepaid items   | 232,718              | -                                 | -                                 | 232,718                        |
| Property held for resale  | 2,703,059            | -                                 | -                                 | 2,703,059                      |
| <b>Total assets</b>   | <b>\$ 15,798,964</b> | <b>\$ 2,330,656</b>               | <b>\$ 1,208,080</b>               | <b>\$ 19,337,700</b>           |
| <b>Liabilities</b>  |                      |                                   |                                   |                                |
| Accounts payable  | \$ 363,668           | \$ -                              | \$ 346,382                        | \$ 710,050                     |
| Accrued payroll   | 266,318              | -                                 | -                                 | 266,318                        |
| Advances from other funds   | -                    | -                                 | 5,750                             | 5,750                          |
| Claims payable  | 13,918               | -                                 | -                                 | 13,918                         |
| Deposits payable  | 154,241              | -                                 | 2,906                             | 157,147                        |
| Retention payable   | -                    | -                                 | 30,469                            | 30,469                         |
| Unearned revenue  | 1,046                | -                                 | 48,178                            | 49,224                         |
| <b>Total liabilities</b>  | <b>799,191</b>       | <b>-</b>                          | <b>433,685</b>                    | <b>1,232,876</b>               |
| <b>Deferred Inflows of Resources</b>  |                      |                                   |                                   |                                |
| Unavailable sales, use and other taxes  | 479,410              | -                                 | -                                 | 479,410                        |
| Property tax levies intended to finance FY15                                  | 2,527,733            | -                                 | -                                 | 2,527,733                      |
|   | 3,007,143            | -                                 | -                                 | 3,007,143                      |
| <b>Fund Balances</b>  |                      |                                   |                                   |                                |
| Non-spendable   | 2,935,777            | -                                 | -                                 | 2,935,777                      |
| Restricted  | 88,106               | -                                 | 304,932                           | 393,038                        |
| Assigned  | 414,167              | 2,330,656                         | 475,213                           | 3,220,036                      |
| Unassigned  | 8,554,580            | -                                 | (5,750)                           | 8,548,830                      |
| <b>Total fund balances</b>  | <b>11,992,630</b>    | <b>2,330,656</b>                  | <b>774,395</b>                    | <b>15,097,681</b>              |
| <b>Total liabilities, deferred inflows of resources<br/>and fund balances</b> | <b>\$ 15,798,964</b> | <b>\$ 2,330,656</b>               | <b>\$ 1,208,080</b>               | <b>\$ 19,337,700</b>           |

**Village of Round Lake Beach, Illinois**

**Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
April 30, 2014**

---

|  |               |
|--|---------------|
| Total fund balances-governmental funds | \$ 15,097,681 |
|--|---------------|

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

|  |         |
|--|---------|
| Revenues in the Statement of Activities that do not provide current financial resources are deferred inflows of resources in the funds. These revenues include telecommunications taxes, home rule sales taxes, sales taxes and use taxes. | 479,410 |
|--|---------|

|   |             |
|---|-------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 109,665,643 |
|---|-------------|

Some assets, deferred inflows of resources and liabilities reported in the Statement of Net Position do not provide current financial resources or require the use of current financial resources and, therefore, are not reported in governmental funds.  
These amounts consist of:

|  |              |
|--|--------------|
| General obligation bonds payable             | (16,325,000) |
| Unamortized premium                          | (243,539)    |
| Deferred refunding costs                     | 394,300      |
| Notes payable                                | (4,892,829)  |
| Leases payable                               | (47,287)     |
| Compensated absences                         | (272,740)    |
| Net other postemployment benefits obligation | (774,985)    |
| Net pension obligation                       | (77,994)     |
| Net IMRF obligation                          | (50,155)     |
| Claims and judgments                         | (400,869)    |
| Accrued interest payable                     | (1,964,078)  |

|   |                       |
|---|-----------------------|
| Net position of governmental activities | <u>\$ 100,587,558</u> |
|---|-----------------------|

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances –  
 Governmental Funds  
 Year Ended April 30, 2014

|   | General<br>Fund      | TIF #1<br>Debt Service<br>Fund | G.O. Bond<br>Debt Service<br>Fund |
|---|----------------------|--------------------------------|-----------------------------------|
| Revenues  |                      |                                |                                   |
| Taxes   | \$ 4,456,946         | \$ -                           | \$ 1,075,000                      |
| Intergovernmental                                 | 5,918,027            | 806,439                        | 56,733                            |
| Licenses and permits                              | 505,246              | -                              | -                                 |
| Fines   | 562,688              | -                              | -                                 |
| Interest  | 18,635               | 23,310                         | 1,053                             |
| Charges for services                              | 357,232              | -                              | -                                 |
| Rental income                                     | 48,030               | -                              | -                                 |
| Miscellaneous                                     | 79,427               | -                              | -                                 |
| Total revenues                                    | <u>11,946,231</u>    | <u>829,749</u>                 | <u>1,132,786</u>                  |
| Expenditures                                      |                      |                                |                                   |
| Current   |                      |                                |                                   |
| General government                                | 1,320,860            | -                              | -                                 |
| Public safety                                     | 6,104,297            | -                              | -                                 |
| Economic development                              | 821,362              | -                              | -                                 |
| Public works                                      | 1,591,995            | -                              | -                                 |
| Debt service                                      |                      |                                |                                   |
| Principal   | 325,691              | 535,000                        | 1,130,000                         |
| Interest and fiscal services                      | 9,620                | 65,651                         | 473,980                           |
| Capital outlay                                    | 422,478              | -                              | -                                 |
| Total expenditures                                | <u>10,596,303</u>    | <u>600,651</u>                 | <u>1,603,980</u>                  |
| Excess (deficiency) of revenues over expenditures | <u>1,349,928</u>     | <u>229,098</u>                 | <u>(471,194)</u>                  |
| Other financing sources (uses)                    |                      |                                |                                   |
| Transfers in                                      | -                    | -                              | -                                 |
| Transfers out                                     | -                    | (1,576,090)                    | -                                 |
| Proceeds from notes                               | 16,500               | -                              | -                                 |
| Total other financing sources (uses)              | <u>16,500</u>        | <u>(1,576,090)</u>             | <u>-</u>                          |
| Net change in fund balances                       | 1,366,428            | (1,346,992)                    | (471,194)                         |
| Fund balances - beginning                         | <u>10,626,202</u>    | <u>1,346,992</u>               | <u>2,801,850</u>                  |
| Fund balances - ending                            | <u>\$ 11,992,630</u> | <u>\$ -</u>                    | <u>\$ 2,330,656</u>               |

See Notes to Financial Statements.

| TIF #1<br>Capital Projects<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------|-----------------------------------|--------------------------------|
| \$ -                               | \$ -                              | \$ 5,531,946                   |
| -                                  | 1,484,886                         | 8,266,085                      |
| -                                  | -                                 | 505,246                        |
| -                                  | -                                 | 562,688                        |
| 29                                 | 297                               | 43,324                         |
| -                                  | -                                 | 357,232                        |
| -                                  | 83,950                            | 131,980                        |
| -                                  | 4,378                             | 83,805                         |
| 29                                 | 1,573,511                         | 15,482,306                     |
| -                                  | 47,548                            | 1,368,408                      |
| -                                  | -                                 | 6,104,297                      |
| 3,250                              | 6,985                             | 831,597                        |
| -                                  | -                                 | 1,591,995                      |
| -                                  | 215,000                           | 2,205,691                      |
| -                                  | 134,175                           | 683,426                        |
| 665                                | 1,554,949                         | 1,978,092                      |
| 3,915                              | 1,958,657                         | 14,763,506                     |
| (3,886)                            | (385,146)                         | 718,800                        |
| 1,697,989                          | -                                 | 1,697,989                      |
| -                                  | (121,899)                         | (1,697,989)                    |
| -                                  | -                                 | 16,500                         |
| 1,697,989                          | (121,899)                         | 16,500                         |
| 1,694,103                          | (507,045)                         | 735,300                        |
| (1,694,103)                        | 1,281,440                         | 14,362,381                     |
| \$ -                               | \$ 774,395                        | \$ 15,097,681                  |

Village of Round Lake Beach, Illinois

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended April 30, 2014**

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|   |                    |
|---|--------------------|
| Net change in fund balances-total governmental funds  | \$ 735,300         |
| Amounts reported for governmental activities in the Statement of Activities are different because:  |                    |
| Governmental funds report purchases of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Additionally, the effect of miscellaneous transactions involving capital assets changes net position as follows:  |                    |
| Capital outlay  | \$ 1,111,149       |
| Capital contributions received  | 74,729             |
| Depreciation expense  | <u>(1,948,999)</u> |
| Capital outlay in excess of depreciation net adjustment   | (2,581,809)        |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. These revenues include telecommunications taxes, home rule sales taxes, sales taxes and use taxes.   |                    |
|   | 5,886              |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These transactions are as follows: |                    |
| Principal repayments and retirements  |                    |
| Principal repayments  | 2,205,691          |
| Deferred amount on debt refunding   | 179,612            |
| Amortization of bond premium  | 28,907             |
| Amortization of deferred refunding costs  | (44,455)           |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These amounts consist of:   |                    |
| Net decrease in compensated absences  | 8,492              |
| Net increase in pension obligation  | (97,036)           |
| Net increase in other postemployment benefits   | (41,571)           |
| Net increase in IMRF obligations  | (1,245)            |
| Net increase in claims and judgments  | (209,080)          |
| Decrease in accrued interest on debt  | <u>3,531</u>       |
| Change in net position of governmental activities   | <u>\$ 192,223</u>  |

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Net Position - Proprietary Fund - Waterworks and Sewerage Fund  
 April 30, 2014

|                                     |                      |
|-------------------------------------|----------------------|
| <b>Assets</b>                       |                      |
| Current                             |                      |
| Cash and cash equivalents           | \$ 3,015,766         |
| Receivables                         |                      |
| Accounts - billed                   | 300,566              |
| Accounts - unbilled                 | 1,419,161            |
| Other                               | 66,211               |
| <b>Total current assets</b>         | <u>4,801,704</u>     |
| Noncurrent assets                   |                      |
| Capital assets                      |                      |
| Land                                | 79,258               |
| Construction in progress            | 722,427              |
| Wells and pumping stations          | 1,003,057            |
| Sewer and water system              | 15,553,637           |
| Buildings                           | 254,467              |
| Other equipment                     | 122,595              |
| <b>Total noncurrent assets</b>      | <u>17,735,441</u>    |
| Total assets                        | <u>22,537,145</u>    |
| <b>Liabilities</b>                  |                      |
| Current                             |                      |
| Accounts payable                    | 161,227              |
| Claims payable                      | 1,125                |
| Sewer fees payable to Lake County   | 530,843              |
| Accrued payroll                     | 53,020               |
| Unearned revenue                    | 76,005               |
| Refundable deposits                 | 733,533              |
| Compensated absences payable        | 80,639               |
| Current portion of loan payable     | 128,284              |
| <b>Total current liabilities</b>    | <u>1,764,676</u>     |
| Noncurrent                          |                      |
| Loan payable                        | 1,558,210            |
| Other postemployment obligation     | 187,065              |
| IMRF pension obligation             | 31,753               |
| <b>Total noncurrent liabilities</b> | <u>1,777,028</u>     |
| Total liabilities                   | <u>3,541,704</u>     |
| <b>Net Position</b>                 |                      |
| Net investment in capital assets    | 16,048,947           |
| Unrestricted                        | 2,946,494            |
| Total net position                  | <u>\$ 18,995,441</u> |

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
- Waterworks and Sewerage Fund  
Year Ended April 30, 2014

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|   |                      |
|---|----------------------|
| Operating revenues                              |                      |
| Charges for services                            | \$ 6,289,922         |
| Tap on fees                                     | 16,965               |
| Total operating revenues                        | <u>6,306,887</u>     |
| Operating expenses excluding depreciation       |                      |
| Administration                                  | 642,781              |
| Operations                                      | 5,625,027            |
| Total operating expenses excluding depreciation | <u>6,267,808</u>     |
| Operating income before depreciation            | 39,079               |
| Depreciation                                    | <u>691,907</u>       |
| Operating loss                                  | <u>(652,828)</u>     |
| Nonoperating revenues (expenses)                |                      |
| Interest income                                 | 664                  |
| Interest expense                                | (43,836)             |
| Miscellaneous expense                           | (1,970)              |
| Total nonoperating revenues (expenses)          | <u>(31,147)</u>      |
| Loss before contributions and transfers         | <u>(683,975)</u>     |
| Capital contributions                           | 1,785,581            |
| Transfers                                       | (74,729)             |
|   | <u>1,710,852</u>     |
| Change in net position                          | 1,026,877            |
| Net position - beginning                        | <u>17,968,564</u>    |
| Net position - ending                           | <u>\$ 18,995,441</u> |

See Notes to Financial Statements.

**Village of Round Lake Beach, Illinois**

**Statement of Cash Flows – Proprietary Fund**

**Waterworks and Sewerage Fund**

**Year Ended April 30, 2014**

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|  |                     |
|--|---------------------|
| Cash flows from operating activities                         |                     |
| Receipts from customers and users                            | \$ 6,256,104        |
| Payments to suppliers  | (4,111,362)         |
| Payments to employees  | (855,230)           |
| Net cash flows from operating activities                     | <u>1,289,512</u>    |
| <br>   |                     |
| Cash flows from capital and related financing activities     |                     |
| Capital assets purchased                                     | (715,442)           |
| Capital grants   | 13,995              |
| Repayments on loan payable                                   | (125,813)           |
| Interest paid on capital debt                                | (43,836)            |
| Net cash flows from capital and related financing activities | <u>(871,096)</u>    |
| <br>   |                     |
| Cash flows from investing activities                         |                     |
| Interest on investments                                      | <u>664</u>          |
| <br>   |                     |
| Net increase in cash and equivalents                         | 419,080             |
| Cash and equivalents - beginning                             | <u>2,596,686</u>    |
| Cash and equivalents - ending                                | <u>\$ 3,015,766</u> |

(Continued)

See Notes to Financial Statements.

**Village of Round Lake Beach, Illinois**

**Statement of Cash Flows – Proprietary Fund – Continued**

**Waterworks and Sewerage Fund**

**Year Ended April 30, 2014**

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Reconciliation of operating loss to net cash  
flows from operating activities

|  |                            |
|--|----------------------------|
| Operating loss   | <u>\$ (652,828)</u>        |
| Adjustments to reconcile operating loss to net cash<br>flows from operating activities |                            |
| Depreciation   | 691,907                    |
| Loss on disposal of capital assets   | 187,736                    |
| Miscellaneous expense  | (1,970)                    |
| Changes in assets and liabilities  |                            |
| Accounts receivable and other receivables  | (41,788)                   |
| Prepaid items  | 96,100                     |
| Accounts payable   | (28,990)                   |
| Sewer fees payable to Lake County  | 123,319                    |
| Claims payable   | (47,757)                   |
| Refundable deposits  | 378                        |
| Unearned revenue   | (8,995)                    |
| Accrued payroll  | 11,067                     |
| Net advances to other funds  | 947,940                    |
| Compensated absences payable   | 5,059                      |
| Other postemployment obligation payable  | 8,334                      |
| Total adjustments  | <u>1,942,340</u>           |
| Net cash flows from operating activities   | <u><u>\$ 1,289,512</u></u> |

**Noncash capital activities:**

During the year the Waterworks and Sewerage Fund received \$1,785,581 of capital asset contributions and contributed \$74,729 of capital assets to the Village's governmental activities.

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Fiduciary Net Position - Police Pension Fund  
April 30, 2014

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**Assets**

|                             |                   |
|-----------------------------|-------------------|
| Cash and cash equivalents   | \$ 927,775        |
| Due from Employer           | 346               |
| Interest receivable         | 85                |
| Prepaid expenses            | <u>2,320</u>      |
|                             | <u>930,526</u>    |
| Investments, at fair value  |                   |
| U.S. government obligations | 20,300            |
| Mutual funds - debt         | 7,961,929         |
| Mutual funds - equity       | <u>8,646,237</u>  |
|                             | <u>16,628,466</u> |
| <b>Total assets</b>         | 17,558,992        |

**Liabilities**

|                  |              |
|------------------|--------------|
| Accrued expenses | <u>1,700</u> |
|------------------|--------------|

**Net Position**

|                                    |                      |
|------------------------------------|----------------------|
| Held in trust for pension benefits | <u>\$ 17,557,292</u> |
|------------------------------------|----------------------|

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Changes in Fiduciary Net Position - Police Pension Fund  
Year Ended April 30, 2014

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|   |                      |
|---|----------------------|
| Additions                                     |                      |
| Contributions                                 |                      |
| Employer                                      | \$ 931,860           |
| Employee                                      | 348,870              |
|   | <u>1,280,730</u>     |
| Investment income                             |                      |
| Net appreciation in fair value of investments | 906,244              |
| Interest income                               | 429,777              |
| Less investment expenses                      | (28,650)             |
|   | <u>1,307,371</u>     |
| <b>Total additions</b>                        | <u>2,588,101</u>     |
| Deductions                                    |                      |
| Administration                                | 70,923               |
| Pension benefits and refunds                  | 992,750              |
| <b>Total deductions</b>                       | <u>1,063,673</u>     |
| <b>Change in net position</b>                 | 1,524,428            |
| Net position - beginning                      | <u>16,032,864</u>    |
| Net position - ending                         | <u>\$ 17,557,292</u> |

See Notes to Financial Statements.

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

The Village of Round Lake Beach, Illinois (the Village), was incorporated in 1937 and is located in the northeast part of the state of Illinois in Lake County. The Village operates under a trustee form of government as a home rule community (as defined by the State of Illinois Constitution) and provides the following services as authorized by its charter: public safety (police), highway and street maintenance, water and sewer utility, public improvements, planning and zoning, culture, recreation, and other general administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

#### Reporting Entity

The Village is a municipal corporation governed by an elected president and six-member board. As required by GAAP, these financial statements present the Village (the primary government). In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made based upon the significance of its operational or financial relationships with the primary government. Based upon the application of these criteria, there are no component units to be included in the Village's reporting entity.

Joint Ventures - The Village participates in four joint ventures, which are reported as nonequity governmental joint ventures and are described in Note 12. The joint ventures are: Central Lake County Joint Action Water Agency (CLCJAWA), CenCom E9-1-1 Joint Emergency Telephone System, CenCom E9-1-1 Public Safety Communications Center, and the Solid Waste Agency of Lake County (SWALCO).

#### Government-wide and Fund Financial Statements

**Government-wide Financial Statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Statement of Net Position presents the Village's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position.

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Fund Financial Statements:** Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Village has the following major governmental funds - General Fund, TIF #1 Debt Service Fund, G.O. Bond Debt Service Fund and TIF #1 Capital Projects Fund. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The Village has the following major enterprise fund – Waterworks and Sewerage Fund. There are no other enterprise funds.

The Village administers the following major governmental funds:

**General Fund** – This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**TIF #1 Debt Service Fund** – This fund accounts for the transactions related to the Tax Increment Redevelopment Project Area No. 1 established by Village Ordinances. The fund accumulates financial resources for the payment of interest and principal on the TIF Revenue Bonds 2003.

**G.O. Bond Debt Service Fund** – This fund accounts for payments of principal and interest for bonds issued for the construction of major public improvements. The debt service for the 2001, 2004, 2004A, 2006, 2009, 2010, 2011 and 2013 series bonds is funded in this fund.

**TIF #1 Capital Projects Fund** – This fund accounts for the revenues and expenditures relating to the capital projects within the boundaries of the Tax Increment Redevelopment Project Area Nos. 1 and 2.

The Village reports the following major proprietary fund:

**Waterworks and Sewerage Fund** – This fund accounts for the provision of potable water and sanitary sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to: administration, operations, maintenance, financing and related debt service, and billing and collection.

Additionally, the Village reports the following fiduciary fund type:

**Police Pension Fund** – This fund accounts for the activities of the accumulation of resources to pay pension costs. Resources are contributed by members at rates fixed by state statutes and by the government through an annual employer contribution.

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, State shared revenues and various State, Federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, State shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

In the Statement of Activities, amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenues include all taxes.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Governmental Accounting Standard Board (GASB) has issued Statement No. 65, *Items Previously Recorded as Assets and Liabilities* (GASB 65), which was adopted by the Village for the year ended April 30, 2014. GASB 65 now establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. In accordance with GASB 65 the Village now reports both deferred inflows of resources and deferred outflows of resources on its financial statements. In addition, the impact of implementing this statement resulted in a restatement of the beginning Net Position for Governmental Activities. See Note 15 for details of the impact of this restatement.

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, the Village's proprietary funds consider all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Investments consist of certificates of deposit, treasury obligations, repurchase agreements, insurance contracts and mutual funds. Investments in treasury and agency obligations are carried at fair value. All other investments are reported at amortized cost.

##### Receivables

The recognition of receivables associated with nonexchange transactions is as follows:

- Derived tax receivables (such as sales, income and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government mandates or voluntary nonexchange transaction receivables (such as mandates or grants) are recognized when all eligibility requirements have been met.

##### Capital Assets

Capital assets, which include property, plant, equipment, intangible assets (e.g. software and easements) and infrastructure assets (e.g. roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of more than \$5,000, land improvements with initial, individual cost of more than \$25,000, building and building improvements with initial, individual cost of more than \$50,000, and infrastructure with initial, individual cost of more than \$250,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Description</u>                          | <u>Years</u> |
|---|--------------|
| Buildings                                   | 40           |
| Equipment, furniture, vehicles and software | 5 - 15       |
| Land improvements                           | 20 - 30      |
| Infrastructure                              | 20 - 90      |
| Wells and pumping stations                  | 25           |
| Sewer and water system                      | 50           |

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Deferred Inflows of Resources and Unearned Revenues**

The Village reports both deferred inflows of resources and unearned revenue on its financial statements. Deferred inflows of resources arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period in the governmental funds. Deferred inflows of resources also arise when property tax receivables are recorded prior to the period the levy is intended to finance. Unearned revenue arise when resources are received by the Village before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the Village has a legal claim to the resources, the liability for unearned revenues is removed from the financial statements and revenue is recognized.

##### **Compensated Absences**

It is the Village’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits, as well as compensatory time. For regular (non union or public safety) employees, vacation time must be used in the year it is earned. Accumulated unused vacation pay and compensatory time up to a maximum of 140 hours for police and 200 hours for union employees is due in the event of termination and is accrued when incurred in the government-wide and proprietary fund financial statements, in accordance with the Village’s policies. Sick time is not due in the event of termination; therefore, no liability is accrued for it in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

##### **Deposits Payable**

In the governmental funds, deposits payable consist of builder bonds deposits. In the proprietary funds, deposits consist of household security deposits for the activation of water services.

##### **Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts, as well as deferred refunding losses, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium and discount. Deferred refunding losses are reported as deferred outflow of resources and amortized over the term of the related debt. All amortization is computed using the straight-line method. Debt issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types 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.

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Fund Balances / Net Position

Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the government funds.

It is the Village's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted fund balances are available, followed by committed and then assigned resources. Unassigned amounts are used only after the other categories of fund balance have been fully utilized.

Within the governmental fund types, the Village's fund balances are reported in one of the following classifications:

**Non-spendable** – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact.

**Restricted** – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specific use by taking the same type of action it employed to previously commit those amounts.

**Assigned** – includes amounts that are constrained by the Village's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the Village Board itself; or b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes. The Finance Director may assign resources and amounts of fund balance to a specific purpose. These assignments will follow Village policy.

**Unassigned** – includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fund Balances / Net Position (Continued)**

As of April 30, 2014, the Village had the following fund balance classifications for various purposes as follows:

|                            | General Fund         | G.O. Bond Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|----------------------|-----------------------------|-----------------------------|--------------------------|
| <b>Non-spendable:</b>      |                      |                             |                             |                          |
| Prepaid Items              | \$ 232,718           | \$ -                        | \$ -                        | \$ 232,718               |
| Property Held for Resale   | 2,703,059            | -                           | -                           | 2,703,059                |
| <b>Total Non-spendable</b> | <b>2,935,777</b>     | <b>-</b>                    | <b>2,935,777</b>            | <b>2,935,777</b>         |
| <b>Restricted:</b>         |                      |                             |                             |                          |
| Public Safety              | 85,234               | -                           | -                           | 85,234                   |
| Capital Projects           | 2,872                | -                           | 304,932                     | 307,804                  |
| <b>Total Restricted</b>    | <b>88,106</b>        | <b>-</b>                    | <b>304,932</b>              | <b>393,038</b>           |
| <b>Assigned:</b>           |                      |                             |                             |                          |
| Debt Service               | -                    | 2,330,656                   | -                           | 2,330,656                |
| Civic Center               | 3,775                | -                           | -                           | 3,775                    |
| Risk Management            | 270,100              | -                           | -                           | 270,100                  |
| Equipment Replacement      | 140,292              | -                           | -                           | 140,292                  |
| Capital Projects           | -                    | -                           | 475,213                     | 475,213                  |
| <b>Total Assigned</b>      | <b>414,167</b>       | <b>2,330,656</b>            | <b>475,213</b>              | <b>3,220,036</b>         |
| <b>Unassigned</b>          | <b>8,554,580</b>     | <b>-</b>                    | <b>(5,750)</b>              | <b>8,548,830</b>         |
| <b>Total Fund Balances</b> | <b>\$ 11,992,630</b> | <b>\$ 2,330,656</b>         | <b>\$ 774,395</b>           | <b>\$ 15,097,681</b>     |

In the government-wide and proprietary fund statements of net position, equity is displayed in three components as follows:

**Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets, and any associated deferred outflow of resources.

**Restricted net position** results when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources, as they are needed.

**Unrestricted net position** consists of net position that does not meet the criteria of the two preceding categories.

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Interfund Transactions**

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers.

##### **Uses of Estimates**

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Note 2. Deposits and Investments**

Deposits and investments are held separately and in pools by several of the Village's funds. The Village invests these funds pursuant to investment guidelines established by the Village Board. The deposits and investments of the Pension Trust Fund are held separately. The Village's investment policy and state statutes allow the Village to invest in the following:

- Securities issued or guaranteed by the United States
- Interest-bearing accounts of banks and savings and loan associations insured up to \$250,000 by the Federal Deposit Insurance Corporation
- Obligations of the U.S. Treasury and U.S. Agencies
- Insured accounts of an Illinois credit union chartered under United States or Illinois law
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500 million and rated in the highest classification by at least two rating agencies
- Short-term obligations of the Federal National Mortgage Association
- The Illinois Funds
- Repurchase agreements which meet instrument transaction requirements of Illinois law
- Illinois Metropolitan Investment Fund

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### Note 2. Deposits and Investments (Continued)

The deposits and investments of the pension funds are held separately from those of other Village funds. In addition to the aforementioned investments, pension funds are also permitted to invest in the following instruments:

- Federal Housing Authority bonds
- Government National Mortgage Association (GNMA)
- Public Housing Board bonds (HUD)
- Farmers Home Administration bonds
- General Service Administration bonds (GSA)
- Maritime Administration bonds
- Small Business Administration (SBA)
- Tennessee Valley Authority (TVA)
- Washington Metropolitan Area Transit Authority
- Federal National Mortgage Associate bonds (Fannie Mae)
- Federal Home Loan Bank bonds (FHLB)
- Student Loan Marketing Association (Sallie Mae)
- Common stocks through a mutual fund or an investment advisor

In addition, the Village's investment policy prohibits any financial institution from holding more than 10% of the Pension Fund investment portfolio exclusive of U.S. Treasury securities held in safekeeping and from holding more than 75% of its capital stock and surplus portfolio in the Pension Fund investments. The Pension Fund is allowed to invest in brokered certificates up to a maximum of 25% of its portfolio. The fund is to match maturity schedules of its investments with anticipated cash flow requirements and is not allowed to purchase securities with maturities greater than 30 years from the date of purchase. Separate accounts of a life insurance company authorized to do business in Illinois, comprised of common or preferred stocks, bonds, or money market instruments; and separate accounts of a life insurance company authorized to do business in Illinois, comprised of real estate or loans upon real estate secured by first or second mortgages, shall not exceed the state statute of 10% of the aggregate book value of all investments owned by the Pension Fund.

#### Deposits

To guard against custodial credit risk for deposits with financial institutions, the Village's investment policies require that deposits with financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insurance be collateralized with collateral in an amount of 110% of the uninsured deposits. As of April 30, 2014, some of the Village's deposits were exposed to custodial credit risk, however, subsequently collateral agreements were put in place to cover all deposits. The Village did not incur any loss of funds or other assets due to this custodial credit risk exposure.

At year-end, as required by Police Pension Fund's investment policy, all deposits in the Police Pension Fund were covered by federal depository insurance or by collateral held by the Police Pension Fund, or its agent, in the Fund's name.

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

**Note 2. Deposits and Investments (Continued)**

**Investments**

The following is a reconciliation of deposits and investments to the entity-wide statement of net position:

|   |                             |
|---|-----------------------------|
|   | <u>Village</u>              |
| Illinois funds  | \$ 6,439,573                |
| Deposits  | 7,033,057                   |
| Cash on hand  | <u>1,827</u>                |
| Total deposits and investments per the<br>entity-wide statement of net position | <u><u>\$ 13,474,457</u></u> |

Investments in The Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, are reported at a planned consistent \$1 per share value. These investments are a 2a7- like pool that operates in conformity with the Securities Exchange Commission (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, information on interest rate risk is not required.

As of April 30, 2014, the Police Pension Fund has the following debt investments and maturities.

| Investment Type                | Fair Value                 | Investment Maturities (in Years) |                        |                         |                      |
|--------------------------------|----------------------------|----------------------------------|------------------------|-------------------------|----------------------|
|                                |                            | Less Than 1                      | 1 - 5                  | 6 - 10                  | Greater than 10      |
| Governmental National Mortgage | \$ 3,690                   | \$ -                             | \$ 141                 | \$ 2,633                | \$ 916               |
| Federal Home Loan Mortgage     | 11,824                     | -                                | 4,626                  | 7,198                   | -                    |
| Federal National Mortgage Assn | 4,786                      | -                                | -                      | 4,786                   | -                    |
| Mutual Funds - debt securities | <u>7,961,929</u>           | <u>7,961,929</u>                 | -                      | -                       | -                    |
| Total investments              | <u><u>\$ 7,982,229</u></u> | <u><u>\$ 7,961,929</u></u>       | <u><u>\$ 4,767</u></u> | <u><u>\$ 14,617</u></u> | <u><u>\$ 916</u></u> |

Additionally, the Police Pension Fund has equity mutual fund investments totaling \$8,646,237.

*Interest Rate Risk:*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's and the Pension Fund's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The objective is to remain sufficiently liquid to enable the Village and Pension Fund to meet all operating requirements.

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### **Note 2. Deposits and Investments (Continued)**

##### **Investments (Continued)**

###### *Credit Risk.*

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not impose further limits on investment choices. The Pension Fund limits its exposure to credit risk by primarily investing in securities issued by the U.S. Government and/or its agencies that are implicitly guaranteed by the U.S. Government. The Pension Fund's investments in Federal Home Loan Mortgage was rated AA+ by Standard & Poor's Investor Services. The Pension Fund's investments in Short-term investment grade admiral, Intermediate-term investment grade admiral and Total bond market index admiral funds are not rated.

###### *Concentration of Credit Risk:*

It is the policy of the Village and the Pension Fund to diversify their investment portfolios. Investments shall be diversified to eliminate the risk of loss resulting in overconcentration in a security, maturity, issuer, class of securities, or financial institution.

At April 30, 2014, the Pension Fund did not have any investments in a single issuer over 5% of net plan position.

###### *Custodial Credit Risk:*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of April 30, 2014, the Village and Pension Fund investments were not exposed to custodial credit risk.

#### **Note 3. Receivables**

##### **Property Taxes**

The Village's property taxes are levied by the last Tuesday in December of each calendar year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on January 1 of the levy year. Property tax revenues are recognized when they become measurable and available. Tax bills are prepared by Lake County and issued on or about May 1 and August 1, and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

The 2013 property tax levy is recorded as a receivable and a deferred inflow of resources because it was levied to finance FY 2015 operations. Based upon collection histories, at April 30, 2014 the Village does not deem it necessary to provide an allowance for uncollectible property taxes.

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

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**Note 3. Receivables (Continued)**

**Utility Accounts and Other Receivables**

Utility accounts and other receivables as of year-end for the governmental, proprietary and fiduciary funds, less applicable allowances, are as follows:

|                               | Governmental<br>Activities | Business-Type<br>Activities | Fiduciary<br>Fund |
|-------------------------------|----------------------------|-----------------------------|-------------------|
| Water fees                    | \$ -                       | \$ 1,106,828                | \$ -              |
| Sewer fees                    | -                          | 612,899                     | -                 |
| Accrued interest              | 657                        | -                           | -                 |
| Amusement tax                 | 15,308                     | -                           | -                 |
| Escrow receivable             | 94,883                     | -                           | -                 |
| Utility tax                   | 244,464                    | -                           | -                 |
| Parking Ticket, net allowance | 123,438                    | -                           | -                 |
| Grants                        | 327,936                    | -                           | -                 |
| Miscellaneous                 | 435,095                    | 66,211                      | -                 |
| Total other receivables       | <u>\$ 1,241,781</u>        | <u>\$ 1,785,938</u>         | <u>\$ -</u>       |

**Due from Other Governments**

Amounts due from other governments as of year-end for the governmental activities are as follows:

|                                  | Governmental<br>Activities |
|----------------------------------|----------------------------|
| State of Illinois                | \$ 2,118,101               |
| Lake County                      | <u>24,761</u>              |
| Total due from other governments | <u>\$ 2,142,862</u>        |

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

**Note 4. Capital Assets**

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

**Governmental Activities**

A summary of changes in capital assets is as follows:

|  | Balance<br>May 1      | Additions<br>and Transfers | Deletions<br>and Transfers | Balance<br>April 30   |
|--|-----------------------|----------------------------|----------------------------|-----------------------|
| Capital assets not being depreciated:              |                       |                            |                            |                       |
| Land and rights of way                             | \$ 38,485,115         | \$ 546,045                 | \$ 33,107                  | \$ 38,998,053         |
| Construction in progress                           | 5,161,188             | 392,990                    | 4,855,363                  | 698,815               |
| <b>Total capital assets not being depreciated</b>  | <b>43,646,303</b>     | <b>939,035</b>             | <b>4,888,470</b>           | <b>39,696,868</b>     |
| Capital assets being depreciated:                  |                       |                            |                            |                       |
| Buildings  | 11,787,120            | -                          | -                          | 11,787,120            |
| Equipment, furniture and vehicles                  | 3,235,287             | 221,646                    | 92,895                     | 3,364,038             |
| Land improvements                                  | 6,855,284             | -                          | -                          | 6,855,284             |
| Infrastructure                                     | 74,593,436            | 3,094,979                  | -                          | 77,688,415            |
|  | 96,471,127            | 3,316,625                  | 92,895                     | 99,694,857            |
| Less accumulated depreciation for:                 |                       |                            |                            |                       |
| Buildings  | 2,765,126             | 294,018                    | -                          | 3,059,144             |
| Equipment, furniture and vehicles                  | 2,588,271             | 190,123                    | 92,895                     | 2,685,499             |
| Land improvements                                  | 1,172,530             | 232,843                    | -                          | 1,405,373             |
| Infrastructure                                     | 21,344,051            | 1,232,015                  | -                          | 22,576,066            |
|  | 27,869,978            | 1,948,999                  | 92,895                     | 29,726,082            |
| <b>Total capital assets being depreciated, net</b> | <b>68,601,149</b>     | <b>1,367,626</b>           | <b>-</b>                   | <b>69,968,775</b>     |
| <b>Governmental activities capital assets, net</b> | <b>\$ 112,247,452</b> | <b>\$ 2,306,661</b>        | <b>\$ 4,888,470</b>        | <b>\$ 109,665,643</b> |

Village of Round Lake Beach, Illinois

Notes to Financial Statements

**Note 4. Capital Assets (Continued)**

**Business-type Activities**

|   | Balance<br>May 1     | Additions<br>and Transfers | Deletions<br>and Transfers | Balance<br>April 30  |
|---|----------------------|----------------------------|----------------------------|----------------------|
| Capital assets not being depreciated:           |                      |                            |                            |                      |
| Land  | \$ 79,258            | \$ -                       | \$ -                       | \$ 79,258            |
| Construction in progress                        | 285,302              | 715,442                    | 278,317                    | 722,427              |
| Total capital assets not being depreciated      | <u>364,560</u>       | <u>715,442</u>             | <u>278,317</u>             | <u>801,685</u>       |
| Capital assets being depreciated:               |                      |                            |                            |                      |
| Buildings                                       | 522,257              | -                          | -                          | 522,257              |
| Wells and pumping stations                      | 2,887,127            | -                          | -                          | 2,887,127            |
| Sewer and water system                          | 19,870,602           | 1,801,433                  | -                          | 21,672,035           |
| Equipment                                       | 763,900              | -                          | -                          | 763,900              |
|   | <u>24,043,886</u>    | <u>1,801,433</u>           | <u>-</u>                   | <u>25,845,319</u>    |
| Less accumulated depreciation for:              |                      |                            |                            |                      |
| Buildings                                       | 254,734              | 13,056                     | -                          | 267,790              |
| Wells and pumping stations                      | 1,802,357            | 81,713                     | -                          | 1,884,070            |
| Sewer and water system                          | 5,545,935            | 572,463                    | -                          | 6,118,398            |
| Other equipment                                 | 616,630              | 24,675                     | -                          | 641,305              |
|   | <u>8,219,656</u>     | <u>691,907</u>             | <u>-</u>                   | <u>8,911,563</u>     |
| Total capital assets being depreciated,<br>net  | <u>15,824,230</u>    | <u>1,109,526</u>           | <u>-</u>                   | <u>16,933,756</u>    |
| Business-type activities capital assets,<br>net | <u>\$ 16,188,790</u> | <u>\$ 1,824,968</u>        | <u>\$ 278,317</u>          | <u>\$ 17,735,441</u> |

**Depreciation Expense**

Depreciation expense was charged to functions/programs of the primary government as follows:

|  |                     |
|--|---------------------|
| Governmental activities                              |                     |
| General government                                   | \$ 199,940          |
| Public safety  | 144,120             |
| Public works   | <u>1,604,939</u>    |
| Total depreciation expense - governmental activities | <u>\$ 1,948,999</u> |
| Business-type activities                             |                     |
| Water  | <u>\$ 691,907</u>   |

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

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**Note 5. Interfund Advances (Internal Balances)**

As of April 30, 2014, the Village reported the following interfund advances:

| Fund                     | Advance From    | Advance To      |
|--------------------------|-----------------|-----------------|
| General Fund             | \$ -            | \$ 914          |
| Nonmajor governmental    | 5,750           | -               |
| Nonmajor governmental    | -               | 4,836           |
| Total interfund advances | <u>\$ 5,750</u> | <u>\$ 5,750</u> |

**Note 6. Interfund Transfers**

The purpose of the Village's interfund transfers is to transfer excess property and sales tax revenues from the TIF #1 Debt Service Fund and Nonmajor governmental funds to the TIF #1 Capital Projects Fund for the purpose of financing capital expenditures.

| Fund                        | Transfers In        | Transfers Out       |
|-----------------------------|---------------------|---------------------|
| TIF #1 Capital Projects     | \$ 1,697,989        | \$ -                |
| TIF #1 Debt Service         | -                   | 1,576,090           |
| Nonmajor governmental funds | -                   | 121,899             |
| Total all funds             | <u>\$ 1,697,989</u> | <u>\$ 1,697,989</u> |

**Note 7. Pledged Revenues**

The Village has pledged a portion of future sales tax revenues to reimburse \$200,000 in expenses to finance the construction of retention facilities, incurred in the construction of a new retail center. The Village agreed to rebate to the Developer 0.5% of the Home Rule Sales Tax generated by sales and service on the property for a period of five years, with payment to be made at the end of each fourth quarter. The Village's obligation shall terminate upon payment of \$200,000 or on December 31, 2014, whichever occurs first.

**Note 8. Short-Term Debt**

The Village had a revolving line of credit for \$1,000,000 through NorStates Bank for the purpose of economic development, which the Village closed during the year. However, the Village secured a revolving line of credit for \$500,000 with State Bank of the Lakes. The line of credit is unsecured and has a variable interest rate (Wall Street Journal Prime). Additionally, the Village may in the future secure a second \$500,000 line of credit with a separate banking institution to ensure convenient access to funds from multiple issuers (upon approval by the Village Board). The purpose of these financing sources is to borrow from the lines of credit to purchase and rehabilitate homes, then uses the proceeds of the sale to pay principal and interest. The Village did not make use of the \$500,000 line of credit during the year.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

**Note 8. Short-Term Debt (Continued)**

Short-term debt activity during the year is as follows:

|                | Beginning<br>Balance | Borrowing | Payments   | Ending<br>Balance |
|----------------|----------------------|-----------|------------|-------------------|
| Line of credit | \$ 249,334           | \$ 16,500 | \$ 265,834 | \$ -              |

**Note 9. Long-Term Debt**

**Changes in Long-term Liabilities**

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

|   | Beginning<br>Balance | Additions  | Reductions   | Ending<br>Balance | Due Within<br>One Year |
|---|----------------------|------------|--------------|-------------------|------------------------|
| <b>Governmental activities</b>                                |                      |            |              |                   |                        |
| General obligation bonds                                      |                      |            |              |                   |                        |
| Series 2013   | \$ 5,135,000         | \$ -       | \$ 80,000    | \$ 5,055,000      | \$ 235,000             |
| Series 2011   | 3,425,000            | -          | 340,000      | 3,085,000         | 350,000                |
| Series 2010   | 2,760,000            | -          | 125,000      | 2,635,000         | 125,000                |
| Series 2009   | 2,810,000            | -          | 215,000      | 2,595,000         | 220,000                |
| Series 2006   | 2,880,000            | -          | 170,000      | 2,710,000         | 175,000                |
| Series 2004A  | 175,000              | -          | 175,000      | -                 | -                      |
| Series 2004   | 485,000              | -          | 240,000      | 245,000           | 245,000                |
| Total general obligation<br>bonds payable                     | 17,670,000           | -          | 1,345,000    | 16,325,000        | 1,350,000              |
| TIF Revenue Bonds Series 2003                                 | 535,000              | -          | 535,000      | -                 | -                      |
| Incremental sales tax revenue<br>notes payable Series 1994*** | 2,898,936            | -          | 356,107      | 2,542,829         | 379,254                |
| Note payable 2013   | 2,350,000            | -          | -            | 2,350,000         | 2,350,000              |
| Total notes payable   | 5,248,936            | -          | 356,107      | 4,892,829         | 2,729,254              |
| Unamortized premium on issued debt                            | 272,446              | -          | 28,907       | 243,539           | 28,907                 |
| Capital lease payable   | 196,483              | -          | 149,196      | 47,287            | 32,859                 |
| Compensated absences*   | 281,232              | 249,748    | 258,240      | 272,740           | 272,740                |
| IMRF pension obligation*                                      | 48,910               | 1,245      | -            | 50,155            | -                      |
| Net pension obligation*                                       | (19,042)             | 97,036     | -            | 77,994            | -                      |
| Net other postemployment obligation<br>benefits*              | 733,414              | 41,571     | -            | 774,985           | -                      |
| Claims and judgments - IBNR                                   | 191,789              | 382,165    | 173,085      | 400,869           | 136,706                |
| Total governmental activities                                 | \$ 25,159,168        | \$ 771,765 | \$ 2,845,535 | \$ 23,085,398     | \$ 4,550,466           |

\*These liabilities are liquidated primarily by the General Fund

\*\*\*The Village paid \$176,495 towards principal reduction and the remaining \$179,612 reduced accrued interest and is recorded as revenue since the \$1,750,000 note deficit maximum has been reached.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

**Note 9. Long-Term Debt (Continued)**

**Changes in Long-term Liabilities (Continued)**

|   | Beginning<br>Balance | Additions        | Reductions        | Ending<br>Balance   | Due Within<br>One Year |
|---|----------------------|------------------|-------------------|---------------------|------------------------|
| <b>Business-type activities</b>                 |                      |                  |                   |                     |                        |
| Illinois EPA loan payable                       | \$ 1,812,307         | \$ -             | \$ 125,813        | \$ 1,686,494        | \$ 128,284             |
| Compensated absences                            | 75,580               | 81,410           | 76,351            | 80,639              | 80,639                 |
| IMRF pension obligation                         | 27,459               | 4,294            | -                 | 31,753              | -                      |
| Net other postemployment obligation<br>benefits | 178,731              | 8,334            | -                 | 187,065             | -                      |
| Claims and judgments                            | 48,882               | 2,295            | 50,052            | 1,125               | 1,125                  |
|   | <u>\$ 2,142,959</u>  | <u>\$ 96,333</u> | <u>\$ 252,216</u> | <u>\$ 1,987,076</u> | <u>\$ 210,048</u>      |

Payments on the General Obligation Bonds are made by the Bond Fund with sales and utility tax allocations from the General Fund except for the series 2009 issue. Payments on the series 2009 bonds are made exclusively from Motor Fuel Tax allotments. Payments on the TIF Revenue Bonds Series 2003 are made by the TIF #1 Debt Service Fund with real estate taxes and sales taxes. Payments on the Series 1994 Sales Tax Revenue Notes Payable are made by the General Fund with incremental sales tax revenues from retailers in the district.

**General Obligation Bonds Payable**

The Village issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. All bonds are direct obligations and pledge the full faith and credit of the Village.

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending<br>April 30, | Principal            | Interest            | Total                |
|--------------------------|----------------------|---------------------|----------------------|
| 2015                     | \$ 1,350,000         | \$ 655,599          | \$ 2,005,599         |
| 2016                     | 1,385,000            | 624,049             | 2,009,049            |
| 2017                     | 1,420,000            | 576,836             | 1,996,836            |
| 2018                     | 1,460,000            | 525,935             | 1,985,935            |
| 2019                     | 1,505,000            | 467,021             | 1,972,021            |
| 2020-2024                | 7,410,000            | 1,412,476           | 8,822,476            |
| 2025-2029                | 1,410,000            | 305,950             | 1,715,950            |
| 2030-2031                | 385,000              | 34,800              | 419,800              |
|                          | <u>\$ 16,325,000</u> | <u>\$ 4,602,666</u> | <u>\$ 20,927,666</u> |

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### **Note 9. Long-Term Debt (Continued)**

##### **General Obligation Bonds Payable (Continued)**

The Village issued General Obligation Refunding Bonds, Series 2013 dated April 19, 2013, in the original principal amount of \$5,135,000, with interest rates varying from 2.00% to 2.50%, payable January 1 and July 1 of each year. The proceeds of this issue were used to advance refund \$2,700,000 and \$2,200,000 of the outstanding General Obligation Bonds, Series 2004 and 2004A, respectively.

The Village issued General Obligation Refunding Bonds, Series 2011 dated September 8, 2011, in the original principal amount of \$3,815,000, with interest rates varying from 2.00% to 4.00%, payable June 15 and December 15 of each year. The proceeds of this issue were used to advance refund the outstanding General Obligation Bonds, Series 2001.

The Village issued Taxable General Obligation Bonds, Series 2010 (Recovery Zone Economic Development Bonds) dated August 12, 2010, in the original principal amount of \$3,000,000, with interest rates varying from 0.4% to 3.00%, payable July 1 and January 1 of each year. The proceeds of this issue were used to provide funds for street and other capital improvements.

The Village issued General Obligation Bonds, Series 2009 (Build America Bonds) dated August 1, 2009, in the original principal amount of \$3,695,000, with interest rates varying from 1.4% to 5.25%, payable July 1 and January 1 of each year. The proceeds of this issue were used to provide funds for street and other capital improvements.

The Village issued General Obligation Bonds, Series 2006, dated August 1, 2006, in the original amount of \$3,635,000, with interest rates varying from 4.15% to 4.3%, payable July 1 and January 1 of each year. The proceeds of this issue were used to provide funds for certain channel dredging and stream bank stabilization of the Village and to provide funds for the improvement to the public safety and public works facilities.

The Village issued General Obligation Bonds, Series 2004A, dated November 19, 2004, in the original amount of \$3,590,000, with interest rates varying from 3% to 4.17%, payable July 1 and January 1 of each year. The proceeds of this issue were used to pay off the lease/purchase agreement for the Police facility and to finance certain capital improvements.

In April 2004, the Village issued General Obligation Bonds, Series 2004, in the original amount of \$4,875,000, with interest rates varying from 2% to 4.15%, payable July 1 and January 1 of each year. The proceeds of this issue are to be used for certain water improvements and related street improvements.

##### **Notes Payable**

During fiscal year 2013, the Village issued a \$2,350,000 promissory note to provide financing for the purchase of a property in the Village. The property will be used as a construction staging area during a major road project and redevelopment of a major commercial corridor. The note requires an annual interest payment of 7% (\$163,000 per annum) with principal due in one lump sum on February 15, 2015.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

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**Note 9. Long-Term Debt (Continued)**

**Notes Payable (Continued)**

The Incremental Sales Tax Revenue Note, Series 1994, was issued under an agreement with Tucker Operating Limited Partnership to finance the development of property within the Round Lake Beach Rollins Crossing business district. The note in the amount of \$6,000,000 will be repaid with incremental sales tax revenue from retailers within the district. The original note called for quarterly payments of \$136,135 over 20 years starting in 1996, with interest at 6.5%.

Through calendar year 1999, the incremental sales tax revenue received was insufficient to cover the principal and interest payments, thus causing a note deficit, as defined in the note agreement. The note deficit accrued interest at 6.5%. An amendment to the note, dated November 5, 1999, eliminated the deficit requirements and all accrued interest through December 31, 1999. The original loan amount of \$6,000,000 will be repaid over 20 years at 6.5% interest with an annual payment of \$544,538. In any year where the sales tax is not sufficient to make the annual payment, the shortage will be accumulated and paid during a five-year period. The estimated sales tax revenues collected during the five-year extension period is \$1,750,000, which is the maximum liability that the Village will have on the accumulated note deficit. As of April 30, 2014, the maximum liability of \$1,750,000 has been accumulated and is reported as accrued interest payable in the Statement of Net Position.

Annual debt service requirements to maturity are as follows:

| Year Ending<br>April 30, | Principal           | Interest            | Total               |
|--------------------------|---------------------|---------------------|---------------------|
| 2015                     | \$ 2,729,254        | \$ 314,701          | \$ 3,043,955        |
| 2016                     | 403,906             | 140,632             | 544,538             |
| 2017                     | 430,160             | 114,378             | 544,538             |
| 2018                     | 458,120             | 86,418              | 544,538             |
| 2019                     | 487,885             | 56,653              | 544,538             |
| 2020-2024*               | 383,504             | 1,736,034           | 2,119,538           |
| 2025*                    | -                   | 262,500             | 262,500             |
|                          | <u>\$ 4,892,829</u> | <u>\$ 2,711,316</u> | <u>\$ 7,604,145</u> |

\*Interest amount includes the deficit balance related to the series 1994 Note.

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

**Note 9. Long-Term Debt (Continued)**

**Capital Lease Obligations**

At April 30, 2014, the Village is obligated for future payments under non-cancellable vehicle leases as follows:

| Year Ending<br>April 30, | Payment on<br>Capital Lease<br>Obligation |
|--------------------------|---|
| 2015                     | \$ 33,984                                 |
| 2016                     | 15,434                                    |
| 2017                     | <u>627</u>                                |
|                          | 50,045                                    |
| Less interest portion    | <u>2,758</u>                              |
|                          | <u><u>\$ 47,287</u></u>                   |

The cost of the capital assets acquired through capital lease is \$961,478, with accumulated depreciation of \$583,415 at April 30, 2014.

**Loan Payable – Drinking Water Project IEPA Loan**

The Village obtained a State of Illinois Environmental Protection Agency Drinking Water Project loan for the construction of an elevated water storage tank. The principal loan amount for which the Village is approved is \$2,603,807, with an interest rate of 2.5%, to be repaid over a 20-year term starting in October 2006. The total loan drawn down as of April 30, 2014, including accrued construction period interest, is \$2,566,078 and the principal outstanding at April 30, 2014, is \$1,686,494.

Annual debt service requirements to maturity are as follows:

| Year Ending<br>April 30, | Principal           | Interest          | Total               |
|--------------------------|---------------------|-------------------|---------------------|
| 2015                     | \$ 128,284          | \$ 41,366         | \$ 169,650          |
| 2016                     | 131,512             | 38,138            | 169,650             |
| 2017                     | 134,820             | 34,830            | 169,650             |
| 2018                     | 138,212             | 31,438            | 169,650             |
| 2019                     | 141,688             | 27,962            | 169,650             |
| 2020-2024                | 763,735             | 84,515            | 848,250             |
| 2025-2026                | 248,243             | 6,232             | 254,475             |
|                          | <u>\$ 1,686,494</u> | <u>\$ 264,481</u> | <u>\$ 1,950,975</u> |

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

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**Note 10. Risk Management**

**Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; employee health claims and natural disasters. The Village is self-insured for general liability, auto, property, and workers' compensation risks. Commercial insurance is carried for amounts in excess of the self-insured amounts. For all insured programs, settlement amounts have not exceeded insurance coverage for the current or three prior periods.

The estimated incurred but not reported (IBNR) insurance claim liabilities for governmental type activities and business-type activities at April 30, 2014, total \$400,869 and \$1,125, respectively.

Claims and Judgments - IBNR

|                   | 2014              | 2013              |
|-------------------|-------------------|-------------------|
| Beginning Balance | \$ 240,671        | \$ 280,377        |
| Additions         | 384,460           | 104,374           |
| Reductions        | 223,137           | 144,080           |
| Ending Balance    | <u>\$ 401,994</u> | <u>\$ 240,671</u> |

**Note 11. Contingent Liabilities**

**Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal or state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Village expects such amounts, if any, to be immaterial.

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### **Note 11. Contingent Liabilities (Continued)**

##### **Litigation**

The Village is party to various matters involving disputes and/or litigation. While it is not possible at this time to determine the outcome of these matters, management believes that the ultimate liability, if any, will not be material to the financial statements.

#### **Note 12. Joint Ventures**

##### **Central Lake County Joint Action Water Agency (CLCJAWA)**

The Village is a member of CLCJAWA, which consists of 9 municipalities. CLCJAWA is a municipal corporation and public body politic established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act).

The purpose and objectives of the Agency are:

To provide water to member municipalities on a wholesale basis.

To plan, construct, acquire, develop, operate, maintain or contract for facilities for receiving, storing and transmitting water from Lake Michigan for the principal use and mutual benefit of the municipalities and their water users.

To provide adequate supplies of such water on an economical and efficient basis for the municipalities.

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

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**Note 12. Joint Ventures (Continued)**

**Central Lake County Joint Action Water Agency (CLCJAWA) (Continued)**

Summary Financial Information for CLAJAWA as of April 30, 2014, is as follows.

|   |                       |
|---|-----------------------|
| Non restricted current assets                                   | \$ 7,117,261          |
| Restricted assets   | 24,740,358            |
| Capital assets (net of accumulated depreciation)                | 102,191,141           |
| Unamortized charges (net of amortization)                       | <u>18,899</u>         |
| Total assets  | 134,067,659           |
| Deferred outflows of resources - Unamortized loss on defeasance | <u>4,636,834</u>      |
| Total assets and deferred outflows of resources                 | <u>\$ 138,704,493</u> |
| Current liabilities   | \$ 11,722,991         |
| Long-term liabilities, net                                      | <u>98,576,052</u>     |
| Total liabilities   | 110,299,043           |
| Deferred inflows of resources - property taxes                  | <u>3,358,623</u>      |
| Total liabilities and deferred inflows of resources             | <u>113,657,666</u>    |
| Net investment in capital assets                                | (485,509)             |
| Restricted - bond covenants                                     | 11,557,608            |
| Restricted - debt retirement                                    | 909,962               |
| Restricted - rate stabilization                                 | 1,328,542             |
| Unrestricted  | <u>11,736,224</u>     |
| Total net position  | <u>25,046,827</u>     |
| Total liabilities, deferred inflows and net position            | <u>\$ 138,704,493</u> |

Summary of revenues, expenses and net income for CLCJAWA for the year ended April 30, 2014:

|                |                     |
|----------------|---------------------|
| Total revenues | \$ 17,057,077       |
| Total expenses | <u>10,277,379</u>   |
| Net income     | <u>\$ 6,779,698</u> |

Complete financial statements for CLCJAWA can be obtained from CLCJAWA's administrative office at 200 Rockland Road, Lake Bluff, Illinois 60044.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

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**Note 12. Joint Ventures (Continued)**

**CenCom E9-1-1 Joint Emergency Telephone System**

CenCom E9-1-1 Joint Emergency Telephone System (CenCom) is a unit of local government formed by an intergovernmental agreement effective September 3, 1989. The purpose of the joint agreement is to implement and operate an E9-1-1 emergency telephone system as provided by Illinois statutes. CenCom's primary sources of revenue are monthly surcharge fees to telephone customers within the service area of the joint agreement participants, and dispatch fees collected from participants based on the dispatch services that they receive. Members may withdraw from CenCom upon written notice at least 365 days prior to termination and upon approval of the Illinois Commerce Commission to operate as an independent E9-1-1 emergency telephone system.

Summary Financial Information (prepared on a modified cash basis) as of April 30, 2013 (most recent information available), is as follows.

|  |                          |
|--|--------------------------|
| Current assets                                   | \$ 403,945               |
| Capital assets (net of accumulated depreciation) | <u>56,993</u>            |
| Total assets                                     | <u><u>\$ 460,938</u></u> |
| Net position                                     |                          |
| Net Investment in Capital Assets                 | \$ 56,993                |
| Restricted for E9-1-1 purposes                   | 390,281                  |
| Unrestricted                                     | <u>13,664</u>            |
| Total net position                               | <u><u>\$ 460,938</u></u> |

Summary of revenues, expenses and changes in net position for CenCom for the year ended April 30, 2013:

|                        |                            |
|------------------------|----------------------------|
| Total revenues         | \$ 427,363                 |
| Total expenses         | <u>545,575</u>             |
| Change in net position | <u><u>\$ (118,212)</u></u> |

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

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**Note 12. Joint Ventures (Continued)**

**CenCom E9-1-1 Public Safety Communications Center**

On May 1, 2005, CenCom separated the operations portion of this entity to a new entity, CenCom E9-1-1 Public Safety Communications Center. Initial operating capital of \$320,783 and assets with a net book value of \$72,671 was transferred by the CenCom E9-1-1 Joint Emergency Telephone System Board.

Summary Financial Information (prepared on a modified cash basis) as of April 30, 2013 (most recent information available), is as follows.

|  |                            |
|--|----------------------------|
| Current assets                                   | \$ 1,042,091               |
| Capital assets (net of accumulated depreciation) | <u>559,776</u>             |
| Total assets                                     | <u><u>\$ 1,601,867</u></u> |
| Net position                                     |                            |
| Net investment in capital assets                 | \$ 559,776                 |
| Unrestricted                                     | <u>1,042,091</u>           |
| Total net position                               | <u><u>\$ 1,601,867</u></u> |

Summary of revenues, expenses and changes in net position for CenCom E9-1-1 Public Safety Communications Center for the year ended April 30, 2013:

|                        |                          |
|------------------------|--------------------------|
| Total revenues         | \$ 2,196,846             |
| Total expenses         | <u>1,964,061</u>         |
| Change in net position | <u><u>\$ 232,785</u></u> |

Complete financial statements for CenCom can be obtained from CenCom's administrative office at 911 N. Lotus Dr., Round Lake Beach, Illinois 60073.

**Solid Waste Agency of Lake County**

Solid Waste Agency of Lake County (SWALCO) is a municipal corporation formed by Lake County and 28 municipalities within Lake County for the purpose of implementing a regional approach to solid waste management by addressing economic, political and environmental issues. SWALCO's primary sources of revenue are surcharge fees imposed at sanitary landfills and host fees from these landfills which are then transferred to Lake County.

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

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**Note 12. Joint Ventures (Continued)**

**Solid Waste Agency of Lake County (Continued)**

Summary Financial Information for SWALCO as of November 30, 2013 (most recent information available) is as follows.

|  |                     |
|--|---------------------|
| Current assets                                   | \$ 2,400,752        |
| Capital assets (net of accumulated depreciation) | <u>1,192,049</u>    |
| Total assets                                     | <u>\$ 3,592,801</u> |
| Liabilities                                      |                     |
| Current liabilities                              | <u>\$ 99,090</u>    |
| Net position                                     |                     |
| Net investment in capital assets                 | 1,192,049           |
| Unrestricted                                     | <u>2,301,662</u>    |
| Total net position                               | <u>3,493,711</u>    |
| Total liabilities and net position               | <u>\$ 3,592,801</u> |

Summary of revenues, expenses and changes in net position for SWALCO for the year ended November 30, 2013:

|                        |                   |
|------------------------|-------------------|
| Total revenues         | \$ 1,150,406      |
| Total expenses         | <u>1,044,579</u>  |
| Change in net position | <u>\$ 105,827</u> |

Complete financial statements for SWALCO can be obtained from SWALCO's administrative office at 1311 N. Estes St., Gurnee, Illinois 60031.

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### Note 13. Employee Retirement Systems

##### Illinois Municipal Retirement Fund

###### *Plan Description*

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer public retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. All employees, except those covered by the police pension plan, hired in positions that meet or exceed the prescribed annual hourly standard, must be enrolled in IMRF as participating members. 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) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

###### *Funding Policy*

As set by statute, employer regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village contribution rates for calendar years 2013 and 2014 used were 11.28 and 11.73%, respectively, of annual covered payroll. The Village annual required contribution rates for calendar years 2013 and 2014 were 11.55 and 11.73%, respectively. 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.

###### *Annual Pension Cost*

The following table shows the components of the Village's annual pension cost for the fiscal year ended April 30, 2014, the amount actually contributed to the plan and changes in the Village's net pension obligation to the plan:

|  |                         |
|--|-------------------------|
| Annual required contribution (ARC)         | \$ 250,318              |
| Interest on net pension obligation         | 5,728                   |
| Adjustment to annual required contribution | <u>(4,177)</u>          |
| Annual pension cost                        | 251,869                 |
| Contribution made                          | <u>(246,330)</u>        |
| Increase in net pension obligation         | 5,539                   |
| Net pension obligation beginning of year   | <u>76,369</u>           |
| Net pension obligation end of year         | <u><u>\$ 81,908</u></u> |

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### Note 13. Employee Retirement Systems (Continued)

##### Illinois Municipal Retirement Fund (Continued)

###### *Annual Pension Cost (Continued)*

The required contributions for 2014 and 2013 were 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) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer 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 employer Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30-year basis.

###### *Three-Year Trend Information for the Regular Plan*

| Three-Year Trend Information for the Regular Plan |                           |                               |                                |
|---|---------------------------|-------------------------------|--------------------------------|
| Year Ended April 30,                              | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Asset (Obligation) |
| 2014  | \$ 251,869                | 97.8 %                        | \$ (81,908)                    |
| 2013  | 232,312                   | 94.1                          | (76,369)                       |
| 2012  | 231,373                   | 90.6                          | (62,643)                       |

###### *Funded Status and Funding Progress*

As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 85.84% funded. The actuarial accrued liability for benefits was \$6,562,263 and the actuarial value of assets was \$5,633,317, resulting in underfunded actuarial accrued liability (UAAL) of \$928,946. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$2,127,076 and the ratio of the UAAL to the covered payroll was 44%.

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

#### Police Pension Fund

##### *Plan Description*

Police-sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. Administrative costs are financed through investment earnings. The Village accounts for the plan as a pension trust fund. The Pension Plan issues a stand-alone financial report which may be obtained by writing to Round Lake Beach Police Pension, 1947 N. Municipal Way, Round Lake Beach, IL 60073.

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

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**Note 13. Employee Retirement Systems (Continued)**

**Police Pension Fund (Continued)**

***Plan Description (Continued)***

At April 30, 2013 (Actuarial Valuation Date), the Police Pension Plan membership consisted of:

|   |                      |
|---|----------------------|
| Retirees and beneficiaries currently receiving benefits | 18                   |
| Members entitled to benefits but not yet receiving them | -                    |
| Active plan members                                     | <u>40</u>            |
| <br>Total   | <br><u><u>58</u></u> |

The following is a summary of the Police Pension Plan as provided for in the Illinois Compiled Statutes:

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter. Effective January 1, 1993, the second and subsequent pension increases (other than disability pension increases) will be computed on the current pension rather than the original pension.

***Funding Policy***

State-mandated police employees are required to contribute 9.91% of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the Village's contributions must accumulate to the point where the past service cost for the plan is fully funded.

***Basis of Accounting***

The Police Pension Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The employer contributions (property taxes) are recognized when due and when the Village has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

**Note 13. Employee Retirement Systems (Continued)**

**Police Pension Fund (Continued)**

**Annual Pension Cost and Net Pension Obligation**

The Village's annual pension cost and net pension benefits to the Police Pension Funds were obtained from the fund's most recent actuarial valuations and are as follows:

|                                      |                         |
|--------------------------------------|-------------------------|
| Annual required contribution (ARC)   | \$ 1,030,951            |
| Interest on net pension obligation   | -                       |
| Adjustment to net pension obligation | <u>(1,756)</u>          |
| Annual pension cost (APC)            | 1,029,195               |
| Contributions made                   | <u>(932,159)</u>        |
| Increase in net pension obligation   | 97,036                  |
| Net pension obligation/(asset)       |                         |
| Beginning of year                    | <u>(19,042)</u>         |
| End of year                          | <u><u>\$ 77,994</u></u> |

Schedule of Employer Contributions

| Year Ended April 30, | Annual Pension Cost | Percentage of APC Contributed | Net Pension (Asset) Obligation |
|----------------------|---------------------|-------------------------------|--------------------------------|
| 2014                 | \$ 1,030,951        | 100.2 %                       | \$ 77,994                      |
| 2013                 | 975,574             | 106.2                         | (19,042)                       |
| 2012                 | 974,768             | 98.8                          | 41,504                         |

**Funded Status and Funding Progress**

The funded status of the Police Pension Plan as of latest actuarial valuation is as follows:

| Actuarial Valuation Date | (1)<br>Actuarial Value of Assets | (2)<br>Actuarial Accrued Liability (AAL) Entry Age | (2)-(1)<br>Unfunded AAL (UAAL) | (1)/(2)<br>Funded Ratio | (3)<br>Covered Payroll | UAAL as a Percentage of Covered Payroll ((2-1)/3) |
|--------------------------|----------------------------------|--|--------------------------------|-------------------------|------------------------|---|
| 05/01/2013               | \$ 16,032,865                    | \$ 26,608,551                                      | \$ 10,575,686                  | 60.25 %                 | \$ 3,149,890           | 335.75 %  |

Village of Round Lake Beach, Illinois

Notes to Financial Statements

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**Note 13. Employee Retirement Systems (Continued)**

**Police Pension Fund (Continued)**

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

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**Significant Actuarial Assumptions**

Additional information as of the latest valuation follows:

|                               |                                     |
|-------------------------------|-------------------------------------|
| Actuarial valuation date      | April 30, 2013                      |
| Actuarial cost method         | Entry age normal cost               |
| Asset valuation method        | Market                              |
| Amortization method           | Level Percentage of Payroll, closed |
| Amortization period remaining | 28 Years                            |
| Mortality rate assumptions    | 1971 Group Annuity                  |
| Decrement assumption          | Experience tables                   |
| Other actuarial assumptions:  |                                     |
| a) Investment rate of return  | 7.00%                               |
| b) Projected salary increases | 5.50%                               |

**Note 14. Other Postemployment Benefits (OPEB)**

**Plan Description**

The Village's Health Insurance Plan for Retired Employees (the Plan) is a single-employer defined benefit healthcare plan administered by the Village. The Plan provides healthcare coverage at 100% of the active premium rate. The state of Illinois requires IMRF employers who offer health insurance to their active employees to offer the same health insurance to disabled members, retirees, and surviving spouses at the same premium rate for active employees. Therefore, an implicit rate subsidy exists for retirees (that is, the difference between the premium rate charged to retirees for the benefit and the estimated rate that would be applicable to those retirees if that benefit were acquired for them as a separate group) resulting from the participation in postemployment healthcare plans that cover both active employees and retirees. The Plan operates on a pay-as-you-go funding basis. No assets are accumulated or dedicated to funding the retiree health plan benefits.

At April 30, 2014, membership in the Plan consisted of the following:

|   | <u>Members</u>   |
|---|------------------|
| Retirees and beneficiaries receiving benefits | 4                |
| Active plan members                           | <u>72</u>        |
| Total membership                              | <u><u>76</u></u> |

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

**Note 14. Other Postemployment Benefits (OPEB) (Continued)**

**Plan Description (Continued)**

**Funding Policy**

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**Annual OPEB Cost and Net OPEB Obligation**

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation to the Village's Health Insurance Plan for Retired Employees.

|  |                          |
|--|--------------------------|
| Annual required contribution (ARC)         | \$ 59,826                |
| Interest on net OPEB obligation            | 36,486                   |
| Adjustment to annual required contribution | <u>(30,414)</u>          |
| Annual OPEB cost                           | 65,898                   |
| Contribution made                          | <u>(15,992)</u>          |
| Increase in net OPEB obligation            | 49,906                   |
| Net OPEB obligation beginning of year      | <u>912,145</u>           |
| Net OPEB obligation end of year            | <u><u>\$ 962,051</u></u> |

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2014 is as follows:

***Trend Information – Other Postemployment Benefits***

| Year Ended<br>April 30, | Annual<br>OPEB<br>Cost | Employer<br>Contribution | Percentage<br>of Annual<br>OPEB Cost<br>Contributed |   | Net OPEB<br>Obligation |
|-------------------------|------------------------|--------------------------|---|---|------------------------|
| 2014                    | \$ 65,898              | \$ 15,992                | 24.3  | % | \$ 962,051             |
| 2013                    | 189,391                | 23,278                   | 12.3  |   | 912,145                |
| 2012                    | 209,593                | 23,014                   | 11.0  |   | 746,032                |

Village of Round Lake Beach, Illinois

Notes to Financial Statements

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**Note 14. Other Postemployment Benefits (OPEB) (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

**Funding Status and Funding Progress**

The funded status and funding progress of the Plan as of April 30, 2014 was as follows:

|   |                     |
|---|---------------------|
| Actuarial accrued liability (AAL)                 | \$ 1,232,588        |
| Actual value of plan assets                       | <u>-</u>            |
| Unfunded actuarial accrued liability (UAAL)       | <u>\$ 1,232,588</u> |
| Funded ratio (actuarial value of plan assets/AAL) | <u>0.00%</u>        |
| Covered payroll (active plan members)             | <u>\$ 4,998,857</u> |
| UAAL as a percentage of covered payroll           | <u>24.66%</u>       |

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

The actuarial assumptions included (a) 4.00% investment rate of return and, (b) an initial healthcare cost trend of 8% decreasing and leveling off at 6% after 4 years. Other actuarial information included (a) valuation date of April 30, 2013, (b) entry age actuarial cost method, (c) amortization method of level percentage of pay, open, (d) remaining amortization period of 30 years, and (e) asset valuation method of market.

**Note 15. Restatement for Implementation of New Accounting Standard**

As shown in the following table, the financial statements of the Village have been restated for the implementation of GASB Statement No. 65, *Items Previously Recorded as Assets and Liabilities* (GASB 65). The Statement of Net Position of the Village included deferred charges within the Governmental Activities of the Village in previous years. However, pursuant to GASB 65 applicable debt issuance costs should now be recognized in the period incurred as an expense. Therefore, the Village restated the Net Position of the Governmental Activities of the Primary Government's financial statements as follows.

|  |                            |
|--|----------------------------|
|  | Governmental<br>Activities |
| Net Position, April 30, 2013             | <u>\$ 100,768,325</u>      |
| Implementation of GASB 65                | <u>(372,990)</u>           |
| Net Position, April 30, 2013 as restated | <u>\$ 100,395,335</u>      |

## Village of Round Lake Beach, Illinois

### Notes to Financial Statements

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#### **Note 16. New Governmental Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following statements:

GASB Statement No. 67, *Financial Reporting for Pension Plans*, will be effective for the Village beginning with its year ended April 30, 2015. This statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This statement enhances note disclosures and RSI for both defined benefit and defined contribution pension plans and requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will be effective for the Village beginning with its year ended April 30, 2016. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* will be effective for the Village beginning with its year ended April 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, will be effective for the Village with its year ended April 30, 2015. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employer contributing entities. The provisions of this Statement should be applied simultaneously with the provisions of GASB Statement No. 68 (FY16).

**Village of Round Lake Beach, Illinois**

**Notes to Financial Statements**

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**Note 16. New Governmental Accounting Standards (Continued)**

Management has not currently determined what impact, if any, these Statements may have on its financial statements; however, GASB 67 and 68 are expected to have a material impact when implemented.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

Village of Round Lake Beach, Illinois

Required Supplementary Information  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
 Budget and Actual – General Fund  
 Year Ended April 30, 2014

|  | Original<br>and Final<br>Budget | Actual              | Variance with<br>Final<br>Budget |
|--|---------------------------------|---------------------|----------------------------------|
| <b>Revenues</b>                                      |                                 |                     |                                  |
| Taxes  | \$ 4,042,840                    | \$ 4,131,362        | \$ 88,522                        |
| Intergovernmental                                    | 4,815,520                       | 5,096,153           | 280,633                          |
| Licenses and permits                                 | 441,700                         | 505,246             | 63,546                           |
| Fines  | 494,000                         | 522,137             | 28,137                           |
| Interest   | 10,000                          | 14,170              | 4,170                            |
| Charges for services                                 | 84,000                          | 214,240             | 130,240                          |
| Rental income  | 36,200                          | 38,130              | 1,930                            |
| Miscellaneous  | 5,300                           | 39,320              | 34,020                           |
| <b>Total revenues</b>                                | <b>9,929,560</b>                | <b>10,560,758</b>   | <b>631,198</b>                   |
| <b>Expenditures</b>                                  |                                 |                     |                                  |
| General government                                   |                                 |                     |                                  |
| Legislative  | 347,745                         | 371,533             | (23,788)                         |
| Boards and commissions                               | 35,965                          | 20,870              | 15,095                           |
| Administration                                       | 281,070                         | 259,176             | 21,894                           |
| Village clerk  | 12,880                          | 11,930              | 950                              |
| Finance  | 258,960                         | 252,157             | 6,803                            |
| Village president's office                           | 28,695                          | 28,668              | 27                               |
| Insurance  | 265,000                         | 280,922             | (15,922)                         |
| Public safety  | 6,441,960                       | 6,059,907           | 382,053                          |
| Economic development                                 | 724,145                         | 664,712             | 59,433                           |
| Public works   | 1,533,140                       | 1,538,136           | (4,996)                          |
| <b>Total expenditures</b>                            | <b>9,929,560</b>                | <b>9,488,011</b>    | <b>441,549</b>                   |
| Excess (deficiency) of revenues<br>over expenditures | -                               | 1,072,747           | 1,072,747                        |
| Other financing sources (uses)                       |                                 |                     |                                  |
| Note proceeds  | 100,000                         | -                   | (100,000)                        |
|  | 100,000                         | -                   | (100,000)                        |
| Net change in fund balance                           | <u>\$ 100,000</u>               | 1,072,747           | <u>\$ 972,747</u>                |
| Fund balance - beginning                             |                                 | <u>8,648,525</u>    |                                  |
| Fund balance - ending                                |                                 | <u>\$ 9,721,272</u> |                                  |

See Notes to Required Supplementary Information.

Village of Round Lake Beach, Illinois

Required Supplementary Information  
Analysis of Funding Progress

April 30, 2014

Illinois Municipal Retirement Fund

| Actuarial<br>Valuation<br>Date | (1)<br>Actuarial<br>Value of<br>Assets | (2)<br>Actuarial Accrued<br>Liability (AAL)<br>Entry Age | (2)-(1)<br>(Overfunded)<br>Unfunded<br>AAL<br>(UAAL) | (1)/(2)<br>Funded<br>Ratio | (3)<br>Covered<br>Payroll | (Overfunded)<br>Underfunded<br>UAAL as a<br>Percentage<br>of Annual<br>Covered<br>Payroll<br>((2-1)/3) |
|--------------------------------|--|--|--|----------------------------|---------------------------|--|
| 12/31/2013                     | \$ 5,633,317                           | \$ 6,562,263   | \$ 928,946   | 85.84 %                    | \$ 2,127,076              | 43.67 %  |
| 12/31/2012                     | 4,675,644                              | 5,918,371  | 1,242,727  | 79.00                      | 2,179,788                 | 57.01  |
| 12/31/2011                     | 4,605,189                              | 5,846,050  | 1,240,861  | 78.77                      | 2,202,580                 | 56.34  |

Village of Round Lake Beach, Illinois

Required Supplementary Information  
Analysis of Funding Progress

April 30, 2014

Police Pension Fund

| Actuarial<br>Valuation<br>Date | (1)<br>Actuarial<br>Value of<br>Assets | (2)<br>Actuarial Accrued<br>Liability (AAL)<br>Entry Age | (2)-(1)<br>Unfunded<br>AAL<br>(UAAL) | (1)/(2)<br>Funded<br>Ratio | (3)<br>Covered<br>Payroll | UAAAL as a<br>Percentage of<br>Covered<br>Payroll<br>((2-1)/3) |
|--------------------------------|--|--|--------------------------------------|----------------------------|---------------------------|--|
| 05/01/2013                     | \$ 16,032,865                          | \$ 26,608,551  | \$ 10,575,686                        | 60.25 %                    | \$ 3,149,890              | 335.75 %   |
| 05/01/2012                     | 14,079,647                             | 23,995,026   | 9,915,379                            | 58.68                      | 2,957,386                 | 335.28   |
| 05/01/2011                     | 12,930,415                             | 22,904,999   | 9,974,584                            | 56.45                      | 3,058,078                 | 326.17   |
| 05/01/2010                     | 11,364,253                             | 21,711,924   | 10,347,671                           | 52.34                      | 2,893,925                 | 357.57   |
| 05/01/2009                     | 9,787,805                              | 19,891,428   | 10,103,623                           | 49.21                      | 2,750,717                 | 367.31   |
| 05/01/2008                     | 10,890,053                             | 18,135,057   | 7,245,004                            | 60.05                      | 2,775,802                 | 261.01   |

**Village of Round Lake Beach, Illinois**

**Other Post-Employment Benefits  
Required Supplementary Information  
Year Ended April 30, 2014**

**Analysis of Funding Progress**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value<br>of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(b) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL)<br>(b) - (a) | Funded<br>Ratio<br>(a)/(b) | Covered<br>Payroll<br>(c) | UAAL<br>as a<br>Percentage<br>of Annual<br>Covered<br>Payroll<br>((b - a) / c) |
|--------------------------------|---|--|--|----------------------------|---------------------------|--|
| 4/30/2014                      | \$ -                                      | \$ 1,232,588                             | \$1,232,588  | - %                        | \$ 4,998,857              | 24.66 %  |
| 4/30/2013                      | -   | 1,232,588                                | 1,232,588  | -                          | 5,814,745                 | 21.20  |
| 4/30/2012                      |   |  | No Valuation Available   |                            |                           |  |
| 4/30/2011                      |   |  | No Valuation Available   |                            |                           |  |
| 4/30/2010                      | -   | 2,053,349                                | 2,053,349  | -                          | 4,885,292                 | 42.03  |
| 4/30/2009                      | -   | 2,313,623                                | 2,313,623  | -                          | 5,137,560                 | 45.03  |

The Village has presented as many years as is available.

## Village of Round Lake Beach, Illinois

### Notes to Required Supplementary Information

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#### **Note 1. Illinois Municipal Retirement Fund Schedule of Funding Progress Digest of Changes**

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$6,689,833. On a market basis, the funded ratio would be 101.94%.

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

#### **Note 2. Budgets**

All governmental and proprietary fund types have legally adopted annual budgets except for the Police Pension Fund. The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The Village Administrator submits to the Village President the proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
- (b) The Village President reviews the proposed budget and makes changes as necessary. The Administrator then holds workshops with support staff and one or two trustees at a time where the budget is reviewed and recommendations are collected. The Trustees' suggestions are incorporated in the budget draft for final review by the Village President, who may make additional changes.
- (c) A public hearing is conducted to obtain taxpayer comments on the proposed fiscal year appropriation ordinance.
- (d) The fiscal year appropriation ordinance, which incorporates the budget decisions of the Village Board, is legally enacted for the General Fund, Special Revenue Funds, Capital Projects Funds and Proprietary Fund Types.
- (e) The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the department level, per fund. The Department head may modify the department budget by spending less in one line item when another will go over budget. Modifications to the budget beyond the department-per-fund level can only be made by the Village Board of Trustees. Village management does not have the authority to modify the budget beyond the department-per-fund level.
- (f) All appropriations lapse at year-end. No supplemental appropriations were made by the Village Board of Trustees during fiscal year 2014.

## Village of Round Lake Beach, Illinois

### Notes to Required Supplementary Information

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#### Note 2. Budgets (Continued)

All governmental fund type budgets are generally prepared on a modified accrual basis, except that the Village budgets the planned use of available fund balance as well as the planned increase of fund balance reserves. Proprietary fund type budgets, which are prepared for management control purposes, are generally prepared on the accrual basis except that depreciation and amortization are not budgeted. The budgetary authority to spend lapses at April 30 of each year.

The Budget and Actual schedules reported for the General Fund do not include budget and actual information for the Police Special Revenues, Housing and Redevelopment, Metra Operations, TIF #4, Civic Center, Risk Management and Equipment Replacement accounts which are combined as shown in the General Fund Combining Balance Sheet, by Account and reported in aggregate as the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

#### Note 3. Actual Expenditures in Excess of Budget / Department in Individual Funds

| Fund / Department            | Budget     | Actual     | Excess      |
|------------------------------|------------|------------|-------------|
| General:                     |            |            |             |
| Legislative                  | \$ 347,745 | \$ 371,533 | \$ (23,788) |
| Financing and Insurance      | 265,000    | 280,922    | (15,922)    |
| Public Works                 | 1,533,140  | 1,538,136  | (4,996)     |
| TIF #1 Debt Service Fund     | 562,880    | 600,651    | (37,771)    |
| General Improvement Fund     | 723,350    | 815,354    | (92,004)    |
| Waterworks and Sewerage Fund | 4,602,760  | 6,267,808  | (1,665,048) |

In the General Fund, the excess expenditures over budgeted amounts in the Legislative Department is due to the way SWALCO membership and Legal expenses were accounted for during the Fiscal Year. In the Financing and Insurance Department, the excess expenditures over budgeted amounts is due to higher than expected premiums for Liability and Workers' Compensation Insurance. In the Public Works department, the excess expenditures over budgeted amounts was due to higher than expected overtime, natural gas, and plowing service costs due to weather related conditions during the winter season.

The excess of expenditures over budgeted amounts in the TIF #1 Debt Service Fund is due to additional professional services associated with the TIF closing.

The excess of expenditures over budgeted amounts in the General Improvement Fund is related to costs associated with the acquisition of property.

In the Waterworks and Sewerage Fund, the significant excess in expenditures over budget was caused by the way the pass-through Lake County Sewer charges are accounted for.

## **SUPPLEMENTARY INFORMATION**

Village of Round Lake Beach, Illinois

General Fund  
Combining Balance Sheet, by Account  
April 30, 2014

|  | General<br>Fund      | Police<br>Special Revenues | Housing and<br>Redevelopment | Metra<br>Operations |
|--|----------------------|----------------------------|------------------------------|---------------------|
| <b>Assets</b>  |                      |                            |                              |                     |
| Cash and investments   | \$ 6,947,370         | \$ 88,369                  | \$ -                         | \$ 6,539            |
| Receivables  |                      |                            |                              |                     |
| Property taxes   | 2,466,040            | -                          | -                            | -                   |
| Accounts   | -                    | -                          | 23,826                       | -                   |
| Other  | 825,853              | -                          | 76,587                       | -                   |
| Due from other governments   | 2,090,920            | -                          | -                            | -                   |
| Advances to other funds  | 1,038,570            | -                          | -                            | -                   |
| Prepaid items  | 25,176               | -                          | -                            | -                   |
| Property held for resale   | -                    | -                          | 2,703,059                    | -                   |
| <b>Total assets</b>  | <b>\$ 13,393,929</b> | <b>\$ 88,369</b>           | <b>\$ 2,803,472</b>          | <b>\$ 6,539</b>     |
| <b>Liabilities</b>   |                      |                            |                              |                     |
| Accounts payable   | \$ 294,683           | \$ 2,089                   | \$ -                         | \$ 2,814            |
| Accrued payroll  | 264,365              | -                          | -                            | -                   |
| Advances from other funds  | -                    | -                          | 877,656                      | 25,000              |
| Claims payable   | 13,918               | -                          | -                            | -                   |
| Deposits payable   | 154,241              | -                          | -                            | -                   |
| Retention payable  | -                    | -                          | -                            | -                   |
| Unearned revenue   | -                    | 1,046                      | -                            | -                   |
| Line of credit payable   | -                    | -                          | -                            | -                   |
| <b>Total liabilities</b>   | <b>727,207</b>       | <b>3,135</b>               | <b>877,656</b>               | <b>27,814</b>       |
| <b>Deferred Inflows of Resources</b>   |                      |                            |                              |                     |
| Unavailable sales, use and other taxes                                       | 479,410              | -                          | -                            | -                   |
| Property tax levies intended to finance FY15                                 | 2,466,040            | -                          | -                            | -                   |
|  | <b>2,945,450</b>     | <b>-</b>                   | <b>-</b>                     | <b>-</b>            |
| <b>Fund Balances</b>   |                      |                            |                              |                     |
| Non-spendable  | 25,176               | -                          | 2,703,059                    | -                   |
| Restricted   | -                    | 85,234                     | -                            | -                   |
| Assigned   | -                    | -                          | -                            | -                   |
| Unassigned   | 9,696,096            | -                          | (777,243)                    | (21,275)            |
| <b>Total fund balances</b>   | <b>9,721,272</b>     | <b>85,234</b>              | <b>1,925,816</b>             | <b>(21,275)</b>     |
| <b>Total liabilities, deferred inflow of resources<br/>and fund balances</b> | <b>\$ 13,393,929</b> | <b>\$ 88,369</b>           | <b>\$ 2,803,472</b>          | <b>\$ 6,539</b>     |

General Fund

| TIF #4           | Civic Center     | Risk Management   | Equipment Replacement | Eliminations          | Total                |
|------------------|------------------|-------------------|-----------------------|-----------------------|----------------------|
| \$ 3,547         | \$ 7,797         | \$ 66,823         | \$ 185,131            | \$ -                  | \$ 7,305,576         |
| 61,693           | -                | -                 | -                     | -                     | 2,527,733            |
| -                | -                | 373               | -                     | -                     | 24,199               |
| -                | 11,405           | -                 | -                     | -                     | 913,845              |
| -                | -                | -                 | -                     | -                     | 2,090,920            |
| -                | -                | -                 | -                     | (1,037,656)           | 914                  |
| -                | -                | 207,542           | -                     | -                     | 232,718              |
| -                | -                | -                 | -                     | -                     | 2,703,059            |
| <u>\$ 65,240</u> | <u>\$ 19,202</u> | <u>\$ 274,738</u> | <u>\$ 185,131</u>     | <u>\$ (1,037,656)</u> | <u>\$ 15,798,964</u> |
| \$ -             | \$ 14,605        | \$ 4,638          | \$ 44,839             | \$ -                  | \$ 363,668           |
| -                | 1,953            | -                 | -                     | -                     | 266,318              |
| 45,000           | 90,000           | -                 | -                     | (1,037,656)           | -                    |
| -                | -                | -                 | -                     | -                     | 13,918               |
| -                | -                | -                 | -                     | -                     | 154,241              |
| -                | -                | -                 | -                     | -                     | -                    |
| -                | -                | -                 | -                     | -                     | 1,046                |
| -                | -                | -                 | -                     | -                     | -                    |
| 45,000           | 106,558          | 4,638             | 44,839                | (1,037,656)           | 799,191              |
| -                | -                | -                 | -                     | -                     | 479,410              |
| 61,693           | -                | -                 | -                     | -                     | 2,527,733            |
| 61,693           | -                | -                 | -                     | -                     | 3,007,143            |
| -                | -                | 207,542           | -                     | -                     | 2,935,777            |
| 2,872            | -                | -                 | -                     | -                     | 88,106               |
| -                | 3,775            | 270,100           | 140,292               | -                     | 414,167              |
| (44,325)         | (91,131)         | (207,542)         | -                     | -                     | 8,554,580            |
| (41,453)         | (87,356)         | 270,100           | 140,292               | -                     | 11,992,630           |
| <u>\$ 65,240</u> | <u>\$ 19,202</u> | <u>\$ 274,738</u> | <u>\$ 185,131</u>     | <u>\$ (1,037,656)</u> | <u>\$ 15,798,964</u> |

Village of Round Lake Beach, Illinois

**General Fund  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances, by Account  
Year Ended April 30, 2014**

|  | General<br>Fund   | Police<br>Special Revenues | Housing and<br>Redevelopment | Metra<br>Operations |
|--|-------------------|----------------------------|------------------------------|---------------------|
| <b>Revenues</b>                                      |                   |                            |                              |                     |
| Taxes  | \$ 4,131,362      | \$ -                       | \$ -                         | \$ -                |
| Intergovernmental                                    | 5,096,153         | -                          | 19,326                       | -                   |
| License and permits                                  | 505,246           | -                          | -                            | -                   |
| Fines  | 522,137           | 40,331                     | -                            | 220                 |
| Interest   | 14,170            | 5                          | 4,431                        | -                   |
| Charges for services                                 | 214,240           | -                          | -                            | 30,638              |
| Rental income  | 38,130            | -                          | 9,900                        | -                   |
| Miscellaneous  | 39,320            | 12,894                     | -                            | -                   |
| <b>Total revenues</b>                                | <b>10,560,758</b> | <b>53,230</b>              | <b>33,657</b>                | <b>30,858</b>       |
| <b>Expenditures</b>                                  |                   |                            |                              |                     |
| Current  |                   |                            |                              |                     |
| General government                                   | 1,048,761         | -                          | -                            | -                   |
| Public Safety  | 6,059,907         | 44,390                     | -                            | -                   |
| Economic development                                 | 664,712           | -                          | 154,752                      | -                   |
| Public Works   | 1,538,136         | -                          | -                            | 53,859              |
| Debt service   |                   |                            |                              |                     |
| Principal  | 176,495           | -                          | -                            | -                   |
| Interest and fiscal services                         | -                 | -                          | -                            | -                   |
| Capital outlay                                       | -                 | -                          | -                            | -                   |
| <b>Total expenditures</b>                            | <b>9,488,011</b>  | <b>44,390</b>              | <b>154,752</b>               | <b>53,859</b>       |
| Excess (deficiency) of revenues<br>over expenditures | 1,072,747         | 8,840                      | (121,095)                    | (23,001)            |
| Other financing sources                              |                   |                            |                              |                     |
| Note proceeds  | -                 | -                          | 16,500                       | -                   |
| Net change in fund balances                          | 1,072,747         | 8,840                      | (104,595)                    | (23,001)            |
| Fund balances - beginning                            | 8,648,525         | 76,394                     | 2,030,411                    | 1,726               |
| Fund balances - ending                               | \$ 9,721,272      | \$ 85,234                  | \$ 1,925,816                 | \$ (21,275)         |

General Fund

| TIF #4      | Civic Center | Risk Management | Equipment Replacement | Total         |
|-------------|--------------|-----------------|-----------------------|---------------|
| \$ 167      | \$ -         | \$ 325,417      | \$ -                  | \$ 4,456,946  |
| -           | -            | 105,628         | 696,920               | 5,918,027     |
| -           | -            | -               | -                     | 505,246       |
| -           | -            | -               | -                     | 562,688       |
| 1           | -            | -               | 28                    | 18,635        |
| -           | 112,354      | -               | -                     | 357,232       |
| -           | -            | -               | -                     | 48,030        |
| -           | -            | -               | 27,213                | 79,427        |
| 168         | 112,354      | 431,045         | 724,161               | 11,946,231    |
| -           | 108,579      | 160,945         | 2,575                 | 1,320,860     |
| -           | -            | -               | -                     | 6,104,297     |
| 1,898       | -            | -               | -                     | 821,362       |
| -           | -            | -               | -                     | 1,591,995     |
| -           | -            | -               | 149,196               | 325,691       |
| -           | -            | -               | 9,620                 | 9,620         |
| -           | -            | -               | 422,478               | 422,478       |
| 1,898       | 108,579      | 160,945         | 583,869               | 10,596,303    |
| (1,730)     | 3,775        | 270,100         | 140,292               | 1,349,928     |
| -           | -            | -               | -                     | 16,500        |
| (1,730)     | 3,775        | 270,100         | 140,292               | 1,366,428     |
| (39,723)    | (91,131)     | -               | -                     | 10,626,202    |
| \$ (41,453) | \$ (87,356)  | \$ 270,100      | \$ 140,292            | \$ 11,992,630 |

Village of Round Lake Beach, Illinois

General Fund

Schedule of Revenues - Budget and Actual  
Year Ended April 30, 2014

|  | Original<br>and Final<br>Budget | Actual           | Variance with<br>Final<br>Budget |
|--|---------------------------------|------------------|----------------------------------|
| <b>Revenues</b>  |                                 |                  |                                  |
| Taxes  |                                 |                  |                                  |
| Property tax   |                                 |                  |                                  |
| Corporate fund   | \$ 874,360                      | \$ 875,482       | \$ 1,122                         |
| Police protection  | 155,475                         | 155,673          | 198                              |
| Auditing   | 26,500                          | 26,534           | 34                               |
| IMRF   | 90,000                          | 90,115           | 115                              |
| Road and bridge  | 12,500                          | 16,657           | 4,157                            |
| Police pension   | 930,665                         | 931,813          | 1,148                            |
| <b>Total property tax</b>                                      | <b>2,089,500</b>                | <b>2,096,274</b> | <b>6,774</b>                     |
| Other taxes  |                                 |                  |                                  |
| Home rule  | 405,000                         | 431,228          | 26,228                           |
| Telecommunications   | 493,340                         | 421,111          | (72,229)                         |
| Gas  | 225,000                         | 334,154          | 109,154                          |
| Electric   | 500,000                         | 508,048          | 8,048                            |
| Amusement  | 330,000                         | 340,547          | 10,547                           |
| <b>Total other taxes</b>                                       | <b>1,953,340</b>                | <b>2,035,088</b> | <b>81,748</b>                    |
| Total taxes  | 4,042,840                       | 4,131,362        | 88,522                           |
| Intergovernmental - Revenue from other agencies                |                                 |                  |                                  |
| Sales tax  | 1,828,270                       | 1,896,553        | 68,283                           |
| Use  | 450,800                         | 493,363          | 42,563                           |
| Personal property replacement tax                              | -                               | 15,268           | 15,268                           |
| Income tax   | 2,535,750                       | 2,690,667        | 154,917                          |
| Charitable game tax/license                                    | 700                             | 302              | (398)                            |
| <b>Total intergovernmental-revenue from<br/>other agencies</b> | <b>4,815,520</b>                | <b>5,096,153</b> | <b>280,633</b>                   |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Revenues - Budget and Actual (Continued)  
Year Ended April 30, 2014

|                                   | Original<br>and Final<br>Budget | Actual         | Variance with<br>Final<br>Budget |
|-----------------------------------|---------------------------------|----------------|----------------------------------|
| <b>Revenues (Continued)</b>       |                                 |                |                                  |
| Licenses and permits              |                                 |                |                                  |
| Business certificates             | \$ 60,250                       | \$ 63,734      | \$ 3,484                         |
| Liquor                            | 29,950                          | 31,870         | 1,920                            |
| Billboard licenses                | 1,500                           | 900            | (600)                            |
| Contractor application fee        | 7,000                           | 8,150          | 1,150                            |
| Rental certification              | 60,000                          | 80,605         | 20,605                           |
| Occupancy permits                 | 18,000                          | 30,660         | 12,660                           |
| Building permits                  | 75,000                          | 74,923         | (77)                             |
| Video gaming fee and licenses     | 5,000                           | 6,107          | 1,107                            |
| Cable TV franchise fee            | 145,000                         | 172,847        | 27,847                           |
| Nicor gas franchise fee           | 35,000                          | 31,950         | (3,050)                          |
| Annex/ZBA/Plan                    | 5,000                           | 3,500          | (1,500)                          |
| <b>Total licenses and permits</b> | <b>441,700</b>                  | <b>505,246</b> | <b>63,546</b>                    |
| Fines                             |                                 |                |                                  |
| Police fines                      | 425,000                         | 434,662        | 9,662                            |
| Tobacco enforcement               | 1,000                           | 4,370          | 3,370                            |
| Towing revenues                   | 60,000                          | 42,300         | (17,700)                         |
| False alarm                       | 6,000                           | 16,800         | 10,800                           |
| Building fines                    | 2,000                           | 24,005         | 22,005                           |
| <b>Total fines</b>                | <b>494,000</b>                  | <b>522,137</b> | <b>28,137</b>                    |
| Interest                          | 10,000                          | 14,170         | 4,170                            |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Revenues - Budget and Actual (Continued)

Year Ended April 30, 2014

|                                   | Original<br>and Final<br>Budget | Actual               | Variance with<br>Final<br>Budget |
|-----------------------------------|---------------------------------|----------------------|----------------------------------|
| <b>Revenues (Continued)</b>       |                                 |                      |                                  |
| Charges for services              |                                 |                      |                                  |
| Police photocopy service          | \$ 4,000                        | \$ 4,224             | \$ 224                           |
| Liens                             | 50,000                          | 183,750              | 133,750                          |
| Recycling SWALCO                  | 30,000                          | 26,266               | (3,734)                          |
| <b>Total charges for services</b> | <b>84,000</b>                   | <b>214,240</b>       | <b>130,240</b>                   |
| Miscellaneous                     |                                 |                      |                                  |
| Rental income                     | 36,200                          | 38,130               | 1,930                            |
| Miscellaneous                     | 5,300                           | 39,320               | 34,020                           |
| <b>Total miscellaneous</b>        | <b>41,500</b>                   | <b>77,450</b>        | <b>35,950</b>                    |
| Use of fund balance               | -                               | -                    | -                                |
| <b>Total revenues</b>             | <b>9,929,560</b>                | <b>10,560,758</b>    | <b>631,198</b>                   |
| <b>Total revenues</b>             | <b>\$ 9,929,560</b>             | <b>\$ 10,560,758</b> | <b>\$ 631,198</b>                |

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual  
Year Ended April 30, 2014

|                                     | Original<br>and Final<br>Budget | Actual         | Variance with<br>Final<br>Budget |
|-------------------------------------|---------------------------------|----------------|----------------------------------|
| General government                  |                                 |                |                                  |
| Legislative                         |                                 |                |                                  |
| Salaries - full time                | \$ 28,800                       | \$ 28,860      | \$ (60)                          |
| IMRF                                | 3,360                           | 2,743          | 617                              |
| FICA                                | 1,790                           | 2,139          | (349)                            |
| Medicare                            | 420                             | 500            | (80)                             |
| Village building stipend            | 3,600                           | 3,050          | 550                              |
| Training                            | 1,800                           | 1,935          | (135)                            |
| Travel/food                         | 5,325                           | 7,231          | (1,906)                          |
| Dues and subscriptions              | 19,850                          | 31,882         | (12,032)                         |
| Employee recognition                | 2,500                           | 1,690          | 810                              |
| Video service                       | 4,800                           | 4,516          | 284                              |
| Legal                               | 263,000                         | 257,797        | 5,203                            |
| Community events                    | 5,000                           | 7,050          | (2,050)                          |
| Dollars for scholars                | 6,000                           | 6,000          | -                                |
| Miscellaneous                       | -                               | 10,894         | (10,894)                         |
| <b>Total Legislative</b>            | <b>347,745</b>                  | <b>371,533</b> | <b>(23,788)</b>                  |
| Salaries - part time                | 3,720                           | 2,520          | 1,200                            |
| Travel/food                         | 700                             | 756            | (56)                             |
| Planning/consulting                 | 1,200                           | 1,001          | 199                              |
| Dues and subscriptions              | 375                             | 375            | -                                |
| Office supplies                     | 265                             | 80             | 185                              |
| Printing, advertising, publishing   | 2,000                           | 325            | 1,675                            |
| Tech services                       | 10,000                          | 4,812          | 5,188                            |
| Legal                               | 16,500                          | 10,024         | 6,476                            |
| <b>Total Boards and Commissions</b> | <b>35,965</b>                   | <b>20,870</b>  | <b>15,095</b>                    |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2014

|                                       | Original<br>and Final<br>Budget | Actual         | Variance with<br>Final<br>Budget |
|---------------------------------------|---------------------------------|----------------|----------------------------------|
| <b>General Government (Continued)</b> |                                 |                |                                  |
| Administration                        |                                 |                |                                  |
| Salaries - full time                  | \$ 165,300                      | \$ 162,777     | \$ 2,523                         |
| Salaries - part time                  | 15,000                          | 15,681         | (681)                            |
| Health insurance                      | 30,380                          | 21,396         | 8,984                            |
| IMRF                                  | 21,550                          | 20,704         | 846                              |
| FICA                                  | 11,200                          | 9,559          | 1,641                            |
| Medicare                              | 2,650                           | 2,356          | 294                              |
| Training                              | 2,500                           | 716            | 1,784                            |
| Travel/food                           | 595                             | 69             | 526                              |
| Dues and subscriptions                | 1,115                           | 1,067          | 48                               |
| Office supplies                       | 645                             | 369            | 276                              |
| Telephone                             | 2,100                           | 2,064          | 36                               |
| Cellular phone                        | 900                             | 913            | (13)                             |
| Postage                               | 450                             | 353            | 97                               |
| Printing, advertising, publishing     | 275                             | -              | 275                              |
| Village newsletter                    | 14,560                          | 13,506         | 1,054                            |
| Web page maintenance                  | 4,450                           | 550            | 3,900                            |
| Network support                       | 5,270                           | 4,883          | 387                              |
| Payroll processing                    | 480                             | 435            | 45                               |
| Fuel/oil                              | 1,650                           | 1,703          | (53)                             |
| Miscellaneous                         | -                               | 75             | (75)                             |
| <b>Total Administration</b>           | <b>281,070</b>                  | <b>259,176</b> | <b>21,894</b>                    |
| Village Clerk                         |                                 |                |                                  |
| Salaries - full time                  | 4,800                           | 4,800          | -                                |
| IMRF                                  | 555                             | 549            | 6                                |
| FICA                                  | 150                             | 298            | (148)                            |
| Medicare                              | 50                              | 70             | (20)                             |
| Training                              | 300                             | 295            | 5                                |
| Travel/food                           | 1,400                           | 1,318          | 82                               |
| Dues and subscriptions                | 175                             | 174            | 1                                |
| Office supplies                       | 150                             | 148            | 2                                |
| Postage                               | 50                              | -              | 50                               |
| Printing, advertising, publishing     | 50                              | 9              | 41                               |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2014

|                                   | Original<br>and Final<br>Budget | Actual         | Variance with<br>Final<br>Budget |
|-----------------------------------|---------------------------------|----------------|----------------------------------|
| General Government (Continued)    |                                 |                |                                  |
| Village Clerk (Continued)         |                                 |                |                                  |
| Codification                      | \$ 4,500                        | \$ 3,669       | \$ 831                           |
| Archiving                         | 700                             | -              | 700                              |
| Village board stipend             | -                               | 600            | (600)                            |
| <b>Total Village Clerk</b>        | <b>12,880</b>                   | <b>11,930</b>  | <b>950</b>                       |
| Finance                           |                                 |                |                                  |
| Salaries - full time              | 115,600                         | 105,150        | 10,450                           |
| Salaries - part time              | 17,500                          | 20,941         | (3,441)                          |
| Health insurance                  | 28,000                          | 24,139         | 3,861                            |
| IMRF                              | 14,900                          | 13,284         | 1,616                            |
| FICA                              | 8,270                           | 7,704          | 566                              |
| Medicare                          | 1,960                           | 1,802          | 158                              |
| Training                          | 1,500                           | 1,357          | 143                              |
| Travel/food                       | 750                             | 447            | 303                              |
| Due and subscriptions             | 1,010                           | 2,592          | (1,582)                          |
| Office supplies                   | 430                             | 312            | 118                              |
| Telephone                         | 1,400                           | 1,822          | (422)                            |
| Postage                           | 300                             | 307            | (7)                              |
| Printing, advertising, publishing | 1,000                           | 676            | 324                              |
| Network support                   | 4,220                           | 4,137          | 83                               |
| Data processing                   | 8,000                           | 6,999          | 1,001                            |
| Payroll processing                | 320                             | 402            | (82)                             |
| Cafeteria plan                    | 1,450                           | 1,428          | 22                               |
| Equipment                         | 300                             | -              | 300                              |
| Equipment maintenance             | 6,050                           | 6,290          | (240)                            |
| Liens                             | 3,000                           | 3,791          | (791)                            |
| Auditor/financial consultant      | 43,000                          | 44,930         | (1,930)                          |
| Miscellaneous                     | -                               | 3,647          | (3,647)                          |
| <b>Total Finance</b>              | <b>258,960</b>                  | <b>252,157</b> | <b>6,803</b>                     |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2014

|   | Original<br>and Final<br>Budget | Actual           | Variance with<br>Final<br>Budget |
|---|---------------------------------|------------------|----------------------------------|
| General Government (Continued)          |                                 |                  |                                  |
| Village President's Office              |                                 |                  |                                  |
| Salaries - full time                    | \$ 20,000                       | \$ 19,231        | \$ 769                           |
| IMRF                                    | 2,340                           | 3,057            | (717)                            |
| FICA                                    | 1,240                           | 1,240            | -                                |
| Medicare                                | 290                             | 290              | -                                |
| Village building stipend                | 1,200                           | 1,200            | -                                |
| Training                                | 600                             | 480              | 120                              |
| Travel/food                             | 2,750                           | 3,018            | (268)                            |
| Printing, advertising, publishing       | -                               | 9                | (9)                              |
| Liquor license background check         | 275                             | 143              | 132                              |
| <b>Total Village President's Office</b> | <b>28,695</b>                   | <b>28,668</b>    | <b>27</b>                        |
| Financing and Insurance                 |                                 |                  |                                  |
| Liability insurance                     | -                               | 96,100           | (96,100)                         |
| Workers' compensation                   | -                               | 5,207            | (5,207)                          |
| Unemployment insurance                  | 15,000                          | 3,148            | 11,852                           |
| Bank fees                               | -                               | (28)             | 28                               |
| Principal                               | 250,000                         | 176,495          | 73,505                           |
| <b>Total Financing and Insurance</b>    | <b>265,000</b>                  | <b>280,922</b>   | <b>(15,922)</b>                  |
| <b>Total General Government</b>         | <b>1,230,315</b>                | <b>1,225,256</b> | <b>5,059</b>                     |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2014

|                                   | Original<br>and Final<br>Budget | Actual       | Variance with<br>Final<br>Budget |
|-----------------------------------|---------------------------------|--------------|----------------------------------|
| Public Safety                     |                                 |              |                                  |
| Salaries - full time              | \$ 3,560,150                    | \$ 3,331,050 | \$ 229,100                       |
| Salaries - part time              | 9,000                           | 5,885        | 3,115                            |
| Overtime                          | 175,000                         | 185,451      | (10,451)                         |
| Court pay                         | -                               | 8,695        | (8,695)                          |
| Health insurance                  | 644,000                         | 492,467      | 151,533                          |
| Police pension contribution       | 930,665                         | 932,159      | (1,494)                          |
| IMRF                              | 24,275                          | 21,111       | 3,164                            |
| FICA                              | 13,700                          | 12,074       | 1,626                            |
| Medicare                          | 53,950                          | 47,185       | 6,765                            |
| Training                          | 9,720                           | 7,696        | 2,024                            |
| Travel/food                       | 1,925                           | 1,316        | 609                              |
| Clothing                          | 27,045                          | 29,297       | (2,252)                          |
| Dues and subscriptions            | 22,725                          | 20,433       | 2,292                            |
| Safety equipment                  | 6,750                           | 150          | 6,600                            |
| Medical                           | 3,555                           | 2,292        | 1,263                            |
| Office supplies                   | 12,040                          | 6,659        | 5,381                            |
| Telephone                         | 39,200                          | 41,794       | (2,594)                          |
| Cellular phone                    | 7,200                           | 6,751        | 449                              |
| Wi-Fi services                    | 8,280                           | 7,857        | 423                              |
| Postage                           | 8,400                           | 9,883        | (1,483)                          |
| Printing, advertising, publishing | 4,005                           | 3,584        | 421                              |
| Tech services                     | 98,220                          | 96,130       | 2,090                            |
| Data processing                   | 28,515                          | 26,070       | 2,445                            |
| Payroll processing                | 8,960                           | 9,239        | (279)                            |
| Animal control                    | 3,685                           | 2,641        | 1,044                            |
| Equipment purchase                | 5,895                           | 5,722        | 173                              |
| Equipment maintenance             | 4,555                           | 4,570        | (15)                             |
| Furniture and fixtures            | 1,000                           | 992          | 8                                |
| Vehicle accessories               | 775                             | 371          | 404                              |
| Vehicle maintenance               | 66,000                          | 59,590       | 6,410                            |
| Fuel/oil                          | 117,500                         | 103,862      | 13,638                           |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2014

|                                   | Original<br>and Final<br>Budget | Actual           | Variance with<br>Final<br>Budget |
|-----------------------------------|---------------------------------|------------------|----------------------------------|
| <b>Public Safety (Continued)</b>  |                                 |                  |                                  |
| Operating supplies                | \$ 3,205                        | \$ 2,239         | \$ 966                           |
| Community service                 | 4,900                           | 4,514            | 386                              |
| Weapons supplies                  | 12,665                          | 8,514            | 4,151                            |
| Jail expenditures                 | 22,200                          | 24,174           | (1,974)                          |
| CenCom                            | 500,000                         | 498,552          | 1,448                            |
| Payroll contingency               | -                               | 32,712           | (32,712)                         |
| Warning siren                     | 2,300                           | 3,300            | (1,000)                          |
| Miscellaneous                     | -                               | 2,926            | (2,926)                          |
| <b>Total Public Safety</b>        | <b>6,441,960</b>                | <b>6,059,907</b> | <b>382,053</b>                   |
| <b>Economic Development</b>       |                                 |                  |                                  |
| Salaries - full time              | 292,250                         | 278,392          | 13,858                           |
| Salaries - part time              | 48,000                          | 12,492           | 35,508                           |
| Health insurance                  | 84,000                          | 72,290           | 11,710                           |
| IMRF                              | 33,650                          | 29,629           | 4,021                            |
| FICA                              | 21,100                          | 16,371           | 4,729                            |
| Medicare                          | 4,950                           | 3,829            | 1,121                            |
| Training                          | 2,730                           | 882              | 1,848                            |
| Travel/food                       | 500                             | 448              | 52                               |
| Clothing                          | 2,625                           | 1,072            | 1,553                            |
| Due and subscriptions             | 800                             | 638              | 162                              |
| Office supplies                   | 1,505                           | 1,054            | 451                              |
| Telephone                         | 4,900                           | 5,403            | (503)                            |
| Cellular phone                    | 3,480                           | 2,468            | 1,012                            |
| Postage                           | 1,050                           | 920              | 130                              |
| Printing, advertising, publishing | 1,500                           | 1,345            | 155                              |
| Data processing                   | 1,120                           | 1,205            | (85)                             |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2014

|   | Original<br>and Final<br>Budget | Actual         | Variance with<br>Final<br>Budget |
|---|---------------------------------|----------------|----------------------------------|
| <b>Economic Development (Continued)</b> |                                 |                |                                  |
| Pre-employment screening                | \$ 600                          | \$ -           | \$ 600                           |
| Equipment purchase                      | 200                             | 235            | (35)                             |
| Equipment maintenance                   | 2,100                           | 2,827          | (727)                            |
| Vehicle accessories                     | 50                              | 122            | (72)                             |
| Fuel/oil                                | 6,800                           | 4,898          | 1,902                            |
| Planning/consulting                     | 40,000                          | 72,217         | (32,217)                         |
| Engineering                             | 5,000                           | 787            | 4,213                            |
| Subcontract plumbing inspector          | 7,200                           | 4,920          | 2,280                            |
| Elevator inspections                    | 2,145                           | 1,916          | 229                              |
| Board-ups                               | 6,000                           | 630            | 5,370                            |
| Tax rebates                             | 118,000                         | 122,959        | (4,959)                          |
| Network support                         | 12,660                          | 12,411         | 249                              |
| Miscellaneous                           | -                               | 196            | (196)                            |
| Community events                        | 19,230                          | 12,156         | 7,074                            |
| <b>Total Economic Development</b>       | <b>724,145</b>                  | <b>664,712</b> | <b>59,433</b>                    |
| <b>Public Works</b>                     |                                 |                |                                  |
| Salaries - full time                    | 539,500                         | 538,490        | 1,010                            |
| Salaries - part time                    | 16,500                          | 12,940         | 3,560                            |
| Overtime                                | 15,000                          | 27,009         | (12,009)                         |
| Health insurance                        | 140,000                         | 111,452        | 28,548                           |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2014

|                                   | Original<br>and Final<br>Budget | Actual    | Variance with<br>Final<br>Budget |
|-----------------------------------|---------------------------------|-----------|----------------------------------|
| Public Works (Continued)          |                                 |           |                                  |
| IMRF                              | \$ 63,750                       | \$ 61,726 | \$ 2,024                         |
| FICA                              | 35,500                          | 35,049    | 451                              |
| Medicare                          | 8,400                           | 8,197     | 203                              |
| Medical expenses                  | 1,365                           | 1,137     | 228                              |
| Medical supplies                  | 50                              | -         | 50                               |
| Training                          | 630                             | 181       | 449                              |
| Travel/food                       | 120                             | 166       | (46)                             |
| Clothing                          | 4,510                           | 4,427     | 83                               |
| Dues and subscriptions            | 3,145                           | 415       | 2,730                            |
| Safety equipment                  | 3,910                           | 2,035     | 1,875                            |
| Office supplies                   | 2,580                           | 1,523     | 1,057                            |
| Operating supplies                | 10,920                          | 7,168     | 3,752                            |
| Telephone                         | 8,400                           | 9,071     | (671)                            |
| Cellular phone                    | 3,400                           | 4,572     | (1,172)                          |
| Utilities                         | 3,500                           | 2,323     | 1,177                            |
| Natural gas                       | 25,000                          | 34,364    | (9,364)                          |
| Network support                   | 21,100                          | 20,686    | 414                              |
| Postage                           | 1,800                           | 1,541     | 259                              |
| Printing, advertising, publishing | 860                             | 673       | 187                              |
| Payroll processing                | 1,920                           | 2,009     | (89)                             |
| Pre-employment screening          | 275                             | 659       | (384)                            |
| Janitorial services               | 34,295                          | 34,430    | (135)                            |
| Janitorial supplies               | 3,000                           | 1,991     | 1,009                            |
| Debris disposal                   | 1,500                           | -         | 1,500                            |
| Equipment purchase                | 17,600                          | 6,592     | 11,008                           |
| Equipment maintenance             | 23,600                          | 16,632    | 6,968                            |
| Vehicle accessories               | 400                             | 657       | (257)                            |
| Vehicle maintenance               | 46,660                          | 47,365    | (705)                            |

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2014

|                            | Original<br>and Final<br>Budget | Actual              | Variance with<br>Final<br>Budget |
|----------------------------|---------------------------------|---------------------|----------------------------------|
| Public Works (Continued)   |                                 |                     |                                  |
| Fuel/oil                   | \$ 33,650                       | \$ 39,269           | \$ (5,619)                       |
| Engineering                | 25,000                          | 61,184              | (36,184)                         |
| Park maintenance           | 18,815                          | 12,260              | 6,555                            |
| Storm sewer maintenance    | 10,015                          | 5,458               | 4,557                            |
| Building maintenance       | 22,600                          | 36,459              | (13,859)                         |
| Street light maintenance   | 92,900                          | 78,312              | 14,588                           |
| Traffic signal maintenance | 42,400                          | 44,238              | (1,838)                          |
| Lifeguards                 | 27,000                          | 14,539              | 12,461                           |
| Pest control               | 40,600                          | 39,707              | 893                              |
| Mowing contract            | 72,350                          | 71,540              | 810                              |
| Street sweeping            | 19,200                          | 14,400              | 4,800                            |
| Tree replacement           | 2,990                           | 2,906               | 84                               |
| Graffiti removal           | 1,700                           | 804                 | 896                              |
| Contractual services       | 83,730                          | 102,181             | (18,451)                         |
| Miscellaneous              | 1,000                           | 19,399              | (18,399)                         |
| <b>Total Public Works</b>  | <b>1,533,140</b>                | <b>1,538,136</b>    | <b>(4,996)</b>                   |
| <b>Total Expenditures</b>  | <b>\$ 9,929,560</b>             | <b>\$ 9,488,011</b> | <b>\$ 441,549</b>                |

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

**Motor Fuel Tax Fund** – to account for the activities involved with street maintenance and construction. Financing is provided by the Village's share of state gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

**TIF #3 Fund** – to account for the resources generated by the TIF #3 area and their use in improving the area's infrastructure and economic development.

### **CAPITAL PROJECTS FUNDS**

**Bond Capital Projects Fund** – to provide an accounting for the revenue and expenditures relating to the capital projects financed by the issuance of bonds.

**General Improvement Fund** – to provide an accounting of the general capital improvements for the Village such as purchases of vehicles, major equipment and parkland development.

Village of Round Lake Beach, Illinois

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2014

|                                     | Special Revenue   |              |                   |
|-------------------------------------|-------------------|--------------|-------------------|
|                                     | Motor<br>Fuel Tax | TIF #3       | Total             |
| <b>Assets</b>                       |                   |              |                   |
| Cash and investments                | \$ 589,039        | \$ -         | \$ 589,039        |
| Receivables                         |                   |              |                   |
| Accounts                            | -                 | -            | -                 |
| Grants                              | -                 | -            | -                 |
| Due from other governments          | 51,942            | -            | 51,942            |
| Advances to other funds             | -                 | -            | -                 |
| Total assets                        | <u>\$ 640,981</u> | <u>\$ -</u>  | <u>\$ 640,981</u> |
| <b>Liabilities</b>                  |                   |              |                   |
| Accounts payable                    | \$ 333,869        | \$ -         | \$ 333,869        |
| Advances from other funds           | -                 | 914          | 914               |
| Deposits payable                    | -                 | -            | -                 |
| Retention payable                   | -                 | -            | -                 |
| Unearned revenue                    | -                 | -            | -                 |
| Total liabilities                   | <u>333,869</u>    | <u>914</u>   | <u>334,783</u>    |
| <b>Fund Balances</b>                |                   |              |                   |
| Restricted                          | 304,932           | -            | 304,932           |
| Assigned                            | 2,180             | -            | 2,180             |
| Unassigned                          | -                 | (914)        | (914)             |
| Total fund balances                 | <u>307,112</u>    | <u>(914)</u> | <u>306,198</u>    |
| Total liabilities and fund balances | <u>\$ 640,981</u> | <u>\$ -</u>  | <u>\$ 640,981</u> |

| Capital Projects |                     |            | Total Nonmajor Governmental Funds |
|------------------|---------------------|------------|-----------------------------------|
| Bond Fund        | General Improvement | Total      |                                   |
| \$ -             | \$ 233,420          | \$ 233,420 | \$ 822,459                        |
| -                | 907                 | 907        | 907                               |
| -                | 327,936             | 327,936    | 327,936                           |
| -                | -                   | -          | 51,942                            |
| -                | 4,836               | 4,836      | 4,836                             |
| <hr/>            |                     |            |                                   |
| \$ -             | \$ 567,099          | \$ 567,099 | \$ 1,208,080                      |
| <hr/>            |                     |            |                                   |
| \$ -             | \$ 12,513           | \$ 12,513  | \$ 346,382                        |
| 4,836            | -                   | 4,836      | 5,750                             |
| -                | 2,906               | 2,906      | 2,906                             |
| -                | 30,469              | 30,469     | 30,469                            |
| -                | 48,178              | 48,178     | 48,178                            |
| <hr/>            |                     |            |                                   |
| 4,836            | 94,066              | 98,902     | 433,685                           |
| <hr/>            |                     |            |                                   |
| -                | -                   | -          | 304,932                           |
| -                | 473,033             | 473,033    | 475,213                           |
| (4,836)          | -                   | (4,836)    | (5,750)                           |
| <hr/>            |                     |            |                                   |
| (4,836)          | 473,033             | 468,197    | 774,395                           |
| <hr/>            |                     |            |                                   |
| \$ -             | \$ 567,099          | \$ 567,099 | \$ 1,208,080                      |
| <hr/>            |                     |            |                                   |

Village of Round Lake Beach, Illinois

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 Year Ended April 30, 2014

|  | Special Revenue   |                 |                   |
|--|-------------------|-----------------|-------------------|
|  | Motor<br>Fuel Tax | TIF #3          | Total             |
| Revenues   |                   |                 |                   |
| Intergovernmental                                    | \$ 874,609        | \$ -            | \$ 874,609        |
| Interest   | 238               | -               | 238               |
| Rental income  | -                 | -               | -                 |
| Miscellaneous  | -                 | -               | -                 |
| <b>Total revenues</b>                                | <b>874,847</b>    | <b>-</b>        | <b>874,847</b>    |
| Expenditures   |                   |                 |                   |
| Current  |                   |                 |                   |
| General government                                   | -                 | -               | -                 |
| Economic development                                 | -                 | -               | -                 |
| Principal  | 215,000           | -               | 215,000           |
| Interest and fiscal services                         | 134,175           | -               | 134,175           |
| Capital outlay                                       | 711,168           | 82,960          | 794,128           |
| <b>Total expenditures</b>                            | <b>1,060,343</b>  | <b>82,960</b>   | <b>1,143,303</b>  |
| Excess (deficiency) of revenues<br>over expenditures | (185,496)         | (82,960)        | (268,456)         |
| Other financing sources (uses)                       |                   |                 |                   |
| Transfers out  | -                 | -               | -                 |
| Net change in fund balances                          | (185,496)         | (82,960)        | (268,456)         |
| Fund balances - beginning                            | 492,608           | 82,046          | 574,654           |
| Fund balances - ending                               | <b>\$ 307,112</b> | <b>\$ (914)</b> | <b>\$ 306,198</b> |

| Capital Projects |                     |            | Total Nonmajor Governmental Funds |
|------------------|---------------------|------------|-----------------------------------|
| Bond Fund        | General Improvement | Total      |                                   |
| \$ -             | \$ 610,277          | \$ 610,277 | \$ 1,484,886                      |
| 29               | 30                  | 59         | 297                               |
| -                | 83,950              | 83,950     | 83,950                            |
| -                | 4,378               | 4,378      | 4,378                             |
| 29               | 698,635             | 698,664    | 1,573,511                         |
| -                | 47,548              | 47,548     | 47,548                            |
| -                | 6,985               | 6,985      | 6,985                             |
| -                | -                   | -          | 215,000                           |
| -                | -                   | -          | 134,175                           |
| -                | 760,821             | 760,821    | 1,554,949                         |
| -                | 815,354             | 815,354    | 1,958,657                         |
| 29               | (116,719)           | (116,690)  | (385,146)                         |
| -                | (121,899)           | (121,899)  | (121,899)                         |
| 29               | (238,618)           | (238,589)  | (507,045)                         |
| (4,865)          | 711,651             | 706,786    | 1,281,440                         |
| \$ (4,836)       | \$ 473,033          | \$ 468,197 | \$ 774,395                        |

Village of Round Lake Beach, Illinois

Special Revenue Funds

Schedules of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Year Ended April 30, 2014

|                                   | Motor Fuel Tax Fund             |                   | TIF #3 Fund                     |                 |
|-----------------------------------|---------------------------------|-------------------|---------------------------------|-----------------|
|                                   | Original<br>and Final<br>Budget | Actual            | Original<br>and Final<br>Budget | Actual          |
| <b>Revenues</b>                   |                                 |                   |                                 |                 |
| Intergovernmental                 |                                 |                   |                                 |                 |
| Allotments from state of Illinois | \$ 774,405                      | \$ 831,381        | \$ -                            | \$ -            |
| Federal subsidy                   | 46,960                          | 43,228            | -                               | -               |
| Interest on investments           | -                               | 238               | -                               | -               |
| Miscellaneous                     | 100,000                         | -                 | -                               | -               |
| Use of fund balance               | 302,740                         | -                 | 95,500                          | -               |
| <b>Total revenues</b>             | <u>1,224,105</u>                | <u>874,847</u>    | <u>95,500</u>                   | <u>-</u>        |
| <b>Expenditures</b>               |                                 |                   |                                 |                 |
| Debt service                      |                                 |                   |                                 |                 |
| Principal                         | 215,000                         | 215,000           | -                               | -               |
| Interest and fiscal services      | 134,175                         | 134,175           | -                               | -               |
| Capital outlay                    | 874,930                         | 711,168           | 95,500                          | 82,960          |
| <b>Total expenditures</b>         | <u>1,224,105</u>                | <u>1,060,343</u>  | <u>95,500</u>                   | <u>82,960</u>   |
| Net change in fund balance        | <u>\$ -</u>                     | <u>(185,496)</u>  | <u>\$ -</u>                     | <u>(82,960)</u> |
| Fund balance - beginning          |                                 | <u>492,608</u>    |                                 | <u>82,046</u>   |
| Fund balance - ending             |                                 | <u>\$ 307,112</u> |                                 | <u>\$ (914)</u> |

Village of Round Lake Beach, Illinois

Debt Service Funds

Schedules of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Year Ended April 30, 2014

|  | TIF #1 Debt Service Fund        |                | G.O. Bond Debt Service Fund     |                  |
|--|---------------------------------|----------------|---------------------------------|------------------|
|  | Original<br>and Final<br>Budget | Actual         | Original<br>and Final<br>Budget | Actual           |
| <b>Revenues</b>                                      |                                 |                |                                 |                  |
| Taxes  | \$ -                            | \$ -           | \$ 1,075,000                    | \$ 1,075,000     |
| Intergovernmental                                    | 979,880                         | 806,439        | 61,630                          | 56,733           |
| Interest on investments                              | 1,000                           | 23,310         | 1,000                           | 1,053            |
| Use of fund balance                                  | -                               | -              | 502,915                         | -                |
| <b>Total revenues</b>                                | <b>980,880</b>                  | <b>829,749</b> | <b>1,640,545</b>                | <b>1,132,786</b> |
| <b>Expenditures</b>                                  |                                 |                |                                 |                  |
| Debt service   |                                 |                |                                 |                  |
| Principal  | 535,000                         | 535,000        | 1,050,000                       | 1,130,000        |
| Interest and fiscal services                         | 27,880                          | 65,651         | 590,545                         | 473,980          |
| <b>Total expenditures</b>                            | <b>562,880</b>                  | <b>600,651</b> | <b>1,640,545</b>                | <b>1,603,980</b> |
| Excess (deficiency) of revenues<br>over expenditures | 418,000                         | 229,098        | -                               | (471,194)        |
| Other financing sources (uses)                       |                                 |                |                                 |                  |
| Transfer out   | (418,000)                       | (1,576,090)    | -                               | -                |
| Net change in fund balance                           | \$ -                            | (1,346,992)    | \$ -                            | (471,194)        |
| Fund balance - beginning                             |                                 | 1,346,992      |                                 | 2,801,850        |
| Fund balance - ending                                |                                 | \$ -           |                                 | \$ 2,330,656     |

Village of Round Lake Beach, Illinois

Capital Projects Funds

Schedules of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Year Ended April 30, 2014

|  | TIF #1 Capital Project Fund     |                    | Bond Capital Projects Fund      |                   |
|--|---------------------------------|--------------------|---------------------------------|-------------------|
|  | Original<br>and Final<br>Budget | Actual             | Original<br>and Final<br>Budget | Actual            |
| <b>Revenues</b>                                      |                                 |                    |                                 |                   |
| Intergovernmental                                    | \$ -                            | \$ -               | \$ -                            | \$ -              |
| Rental income  | -                               | -                  | -                               | -                 |
| Interest on investments                              | -                               | 29                 | -                               | 29                |
| Miscellaneous  | -                               | -                  | -                               | -                 |
| Use of fund balance                                  | -                               | -                  | -                               | -                 |
| <b>Total revenues</b>                                | <b>-</b>                        | <b>29</b>          | <b>-</b>                        | <b>29</b>         |
| <b>Expenditures</b>                                  |                                 |                    |                                 |                   |
| Current  |                                 |                    |                                 |                   |
| General government                                   | -                               | -                  | -                               | -                 |
| Economic development                                 | -                               | 3,250              | -                               | -                 |
| Capital outlay                                       | -                               | 665                | -                               | -                 |
| Reserve for fund balance                             | 1,135,000                       | -                  | -                               | -                 |
| <b>Total expenditures</b>                            | <b>1,135,000</b>                | <b>3,915</b>       | <b>-</b>                        | <b>-</b>          |
| Excess (deficiency) of revenues<br>over expenditures | (1,135,000)                     | (3,886)            | -                               | 29                |
| <b>Other financing sources</b>                       |                                 |                    |                                 |                   |
| Transfer in  | 1,135,000                       | 1,697,989          | -                               | -                 |
| Transfer out   | -                               | -                  | -                               | -                 |
| <b>Total other financing<br/>sources</b>             | <b>1,135,000</b>                | <b>1,697,989</b>   | <b>-</b>                        | <b>-</b>          |
| Net change in fund balance                           | <u>\$ -</u>                     | <u>1,694,103</u>   | <u>\$ -</u>                     | <u>29</u>         |
| Fund balance - beginning                             |                                 | <u>(1,694,103)</u> |                                 | <u>(4,865)</u>    |
| Fund balance - ending                                |                                 | <u>\$ -</u>        |                                 | <u>\$ (4,836)</u> |

| General<br>Improvement Fund     |                   |
|---------------------------------|-------------------|
| Original<br>and Final<br>Budget | Actual            |
| \$ 402,935                      | \$ 610,277        |
| 104,220                         | 83,950            |
| 200                             | 30                |
| -                               | 4,378             |
| 215,995                         | -                 |
| <u>723,350</u>                  | <u>698,635</u>    |
| -                               | 47,548            |
| -                               | 6,985             |
| 723,350                         | 760,821           |
| -                               | -                 |
| <u>723,350</u>                  | <u>815,354</u>    |
| -                               | <u>(116,719)</u>  |
| -                               | -                 |
| -                               | <u>(121,899)</u>  |
| -                               | <u>(121,899)</u>  |
| <u>\$ -</u>                     | <u>(238,618)</u>  |
|                                 | <u>711,651</u>    |
|                                 | <u>\$ 473,033</u> |

Village of Round Lake Beach, Illinois

Waterworks and Sewerage Fund

Schedule of Revenues, Expenses and Changes in Net Position  
 - Budget and Actual  
 Year Ended April 30, 2014

|   | Original<br>and Final<br>Budget | Actual               |
|---|---------------------------------|----------------------|
| Operating revenues                          |                                 |                      |
| Charges for services                        | \$ 4,618,590                    | \$ 6,289,922         |
| Tap on fees                                 | 34,443                          | 16,965               |
| Total operating revenues                    | <u>4,653,033</u>                | <u>6,306,887</u>     |
| Operating expenses                          |                                 |                      |
| Administration                              | 608,725                         | 642,781              |
| Operations                                  | 3,994,035                       | 5,625,027            |
| Total operating expenses                    | <u>4,602,760</u>                | <u>6,267,808</u>     |
| Operating income (loss) before depreciation | 50,273                          | 39,079               |
| Depreciation                                | -                               | 691,907              |
| Operating income (loss)                     | <u>50,273</u>                   | <u>(652,828)</u>     |
| Nonoperating revenues (expenses)            |                                 |                      |
| Interest income                             | 1,000                           | 664                  |
| Interest expense                            | (44,515)                        | (43,836)             |
| Grant revenue                               | 75,000                          | 13,995               |
| Miscellaneous                               | -                               | (1,970)              |
| Use of reserved transfer                    | (81,758)                        | -                    |
| Total nonoperating revenues (expenses)      | <u>(50,273)</u>                 | <u>(31,147)</u>      |
| Loss before contributions and transfers     | -                               | (683,975)            |
| Capital contributions                       | -                               | 1,785,581            |
| Transfers                                   | -                               | (74,729)             |
|   | <u>-</u>                        | <u>1,710,852</u>     |
| Change in net position                      | <u>\$ -</u>                     | 1,026,877            |
| Net position                                |                                 |                      |
| Beginning                                   |                                 | <u>17,968,564</u>    |
| Ending                                      |                                 | <u>\$ 18,995,441</u> |