

**VILLAGE OF ROUND LAKE PARK
ROUND LAKE PARK, ILLINOIS**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED APRIL 30, 2014

**Village of Round Lake Park, Illinois
Annual Financial Report
For the Year Ended April 30, 2014**

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Board of Trustees
Village of Round Lake Park, 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 Park, 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 the 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 basic and individual fund financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, and each individual fund, of Village of Round Lake Park, as of April 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3 through 13, and 71 through 82 and the Schedule of Funding Progress relative to the Illinois Municipal Retirement Fund and the Police Pension Fund on pages 63 through 66 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 of Round Lake Park, Illinois' financial statements as a whole. The accompanying financial information listed as other supplementary information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying financial information listed as other supplementary information in the Table of Contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

EVOY, KAMSCHULTE, JACOBS & CO. LLP

December 8, 2014
Waukegan, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

Our discussion and analysis of the Village of Round Lake Park, Illinois' (the Village's) financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2014. Please read it in conjunction with the Village's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The Village's net position increased by \$347,839 during the fiscal year ended April 30, 2014. Governmental activity net position increased by \$321,630 while business-type activity net assets increased by \$26,209.
- During the year, the Village had revenues that were \$321,630 greater than expenses for governmental programs. This compares to last year when governmental program revenues exceeded expenses by \$733,292.
- The Village's business-type activity revenues decreased by \$9,955 while business-type activity expenses increased by \$247,017.
- The total cost of all of the Village's programs increased by \$164,216; that is, by approximately 1%.
- The Village had a net decrease in total long-term debt of \$95,482 during the current fiscal year. Additionally, the Village issued \$96,432 of new debt and repaid \$93,541 of governmental activity debt and \$98,373 of business-type activity debt during the current fiscal year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

Reporting the Village as a Whole

Our analysis of the Village as a whole begins on page 6. One of the most important questions asked about the Village's finances is, "Is the Village as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Village's *net position* and changes in them. You can think of the Village's net position—the difference between assets and liabilities—as one way to measure the Village's financial health, or *financial position*. Over time, *increases* or *decreases* in the Village's net position are one indicator of whether its *financial health* is *improving* or *deteriorating*. You will need to consider other nonfinancial factors, however, such as changes in the Village's property tax base and the condition of the Village's roads, to assess the *overall health* of the Village.

In the Statement of Net Position and the Statement of Activities, we divide the Village into two kinds of activities:

- **Governmental activities**—Most of the Village's basic services are reported here, including police, public works, and general administration. Property taxes, franchise fees, other taxes, and state and federal grants finance most of these activities.
- **Business-type activities**—The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water and sewer system is reported here.

Reporting the Village's Most Significant Funds

Our analysis of the Village's major funds appears on page 10. The fund financial statements also begin on page 16 and provide detailed information about the most significant funds—not the Village as a whole. Some funds are required to be established by State law, bond covenants, or other similar reasons. However, the Village Board establishes many other funds to help it control and manage money for particular purposes (like the Downtown Redevelopment Project) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like Motor Fuel Tax monies received through the State). The Village's two kinds of funds—*governmental* and *proprietary*—use different accounting approaches.

VILLAGE OF ROUND LAKE PARK, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED APRIL 30, 2014

- *Governmental funds*—Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Village's fund balances by law, creditors, the Village Board, and the Village's annual appropriation ordinance. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in reconciliation after the fund financial statements.
- *Proprietary funds*—When the Village charges customers for the services it provides—whether to outside customers or to other units of the Village—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Village's enterprise fund statements show the same information as the business-type activities we report in the government-wide statements but provide more detail and additional information, including information on proprietary fund cash flows.

The Village as Trustee

The Village was the fiscal agent, or *fiduciary*, for an auto theft task force during part of the current fiscal year. The fiduciary duties related to that task force were transferred to another municipality during the year. It is also responsible for other assets—that because of a pension trust arrangement—can be used only for the pension trust beneficiaries. All of the Village's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 23-24. We exclude these activities 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.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

THE VILLAGE AS A WHOLE

The Village's *combined* net position *increased* by \$347,839 during the current fiscal year. In contrast, last year's net position *increased* by \$614,550. Looking at the net position and net expenses of governmental and business-type activities separately, however, two different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Village's governmental and business-type activities.

Condensed Statement of Net Position
(In Millions)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 3.4	3.2	\$ 0.1	0.2	\$ 3.5	3.4
Capital assets	3.2	3.0	2.9	3.0	6.1	6.0
Total assets	6.6	6.2	3.0	3.2	9.6	9.4
Long-term debt	1.5	1.5	0.1	0.2	1.6	1.7
Other liabilities	0.9	0.8	0.3	0.4	1.2	1.2
Total liabilities	2.4	2.3	0.4	0.6	2.8	2.9
Net position:						
Invested in capital assets, net of related debt	3.1	2.9	2.8	2.8	5.9	5.7
Restricted	1.5	1.5	0.0	0.0	1.5	1.5
Unrestricted	(0.3)	(0.5)	(0.2)	(0.2)	(0.5)	(0.7)
Total net position	\$ 4.3	3.9	\$ 2.6	2.6	\$ 6.9	6.5

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

Net position of the Village's governmental activities increased by 8.0% (\$4.3 million compared to \$3.9 million) during the current fiscal year. *Unrestricted net* position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from a \$.5million deficit at April 30, 2013, to a \$.3 million deficit at the end of this year.

The deficit in unrestricted governmental net position resulted primarily from the inclusion of long-term debt on the Government-Wide Statement of Net Position. This debt will be funded with future financial resources rather than current financial resources held by the Village.

The net position of our business-type activities increased by 1.0% (\$2.62 million compared to \$2.60 million) during the current fiscal year. The increase in the governmental activities net position, however, cannot be used to offset this decrease.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

Table 2
Changes in Net Position
(in Millions)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services, fees, fines and forfeitures	\$ 0.5	0.6	\$ 1.2	1.2	\$ 1.7	1.8
Grants and contributions	0.2	-	-	0.1	0.2	0.1
General revenues:						
Property taxes	0.8	0.8	-	-	0.8	0.8
Other taxes and intergovernmental revenues	1.9	2.1	-	-	1.9	2.1
Other general revenues	-	-	-	-	-	-
Total revenues	\$ 3.4	3.5	\$ 1.2	1.3	\$ 4.6	4.8
Program Expenses:						
General government	\$ 0.6	0.5	\$ -	-	\$ 0.6	0.5
Public safety	1.8	1.9	-	-	1.8	1.9
Public works	0.3	0.3	-	-	0.3	0.3
Water and Sewer	-	-	1.1	1.4	1.1	1.4
Interest and fees	0.1	0.1	-	-	0.1	0.1
Total expenses	\$ 2.8	2.8	\$ 1.1	1.4	\$ 3.9	4.2
Changes in net position	\$ 0.6	0.7	\$ 0.1	(0.1)	\$ 0.7	0.6

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

The Village's total revenues increased by 10.0% (approximately \$430,000). The total cost of all programs and services decreased by 4.0% (approximately \$160,000). The increase in revenues was offset by the much larger decrease in total expenses during the current fiscal year. Our analysis below separately considers the operations of governmental and business-type activities.)

Governmental Activities

Revenues for the Village's governmental activities decreased by 10.3% (approximately \$325,000) while total expenses increased by 5.0% (approximately \$157,000).

Table 3 presents the cost of each of the Village's three largest programs—general government, public safety, and public works—as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Village's taxpayers by each of these functions.

Table 3
Governmental Activities
(In Millions)

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
General government	\$ 0.6	0.5	\$ 0.3	0.3
Public safety	1.8	1.9	1.5	1.5
Public works	0.3	0.3	0.2	0.3
Totals	\$ 2.7	2.7	\$ 2.0	2.1

Business-Type Activities

Revenues of the Village's business-type activities (see Table 2) decrease during the current fiscal year by 1 percent while expenses decreased 21 percent (\$1.1 million in 2014 compared to \$1.4 million for 2013).

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a *combined* fund balance of \$2.5 million which is slightly higher than last year's total of \$2.4 million. In addition, changes in the following fund balances should be noted:

- The Village spent \$218,122 on the Downtown Redevelopment Project, reducing the beginning restricted fund balance in that capital projects fund by \$28,157. This reduction was expected because capital fund balances at the beginning of the year included the proceeds of general obligation bonds issued two years ago to finance the Downtown Redevelopment Project. Although these and other capital expenditures reduce available fund balances, they create new assets for the Village as reported in the Statement of Net Position and as discussed in Note 1 to the financial statements.
- Each year the State provides the Village with a portion of the gasoline tax revenues it collects. This money can only be used to replace, maintain, or improve Village roads. The Village used \$218,897 for road maintenance projects during the current fiscal year. As a result, the fund balance restricted for such purposes increased by \$1,502.
- The Retirements and Liability Insurance funds were budgeted for in such a way as to reduce beginning fund balances. The decreases in these funds amounted to \$47,651, \$24,909 respectively. The Audit Fund decreased its deficit balance by \$1,902, resulting in a deficit fund balance of \$265 as of April 30, 2014.

General Fund Budgetary Highlights

The Village Board did not revise or amend the budget issued for the current fiscal year. The actual charges to appropriations (expenditures) were \$2.6 million below the final budget amounts.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2014, the Village had \$6.1 million invested in a broad range of capital assets, including police equipment, buildings, roads, bridges, and water and sewer lines (see Table 4 below). This amount represents a net increase (including additions and deductions) of \$79,287 or 1.0% more than last year.

**Capital Assets at Year-End
(Net of Depreciation, in Millions)**

Type of Asset	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 1.0	1.0	\$ -	-	\$ 1.0	1.0
Infrastructure	-	-	2.2	2.3	2.2	2.3
Buildings	1.0	1.0	0.5	0.5	1.5	1.5
Machinery and Equipment	0.3	0.2	0.1	0.1	0.4	0.3
Land Improvements	1.0	0.8	0.1	0.1	1.1	0.9
Totals	\$ 3.3	3.0	\$ 2.9	3.0	\$ 6.2	6.0

This year's major additions included (in millions):

Road Improvements, paid for with MFT Funds	\$ 0.2
Capital Leases for Vehicles	0.1
Sewer relining, paid for with Community Development Block Grant (CDBG) monies received from the County of Lake	<u>0.1</u>
Total	\$ <u>0.4</u>

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

More detailed information about the Village's capital assets is presented in Notes 1 and 7 to the financial statements.

Debt

At year-end the Village had \$1.6 million in bonds, notes, and loans outstanding versus \$1.7 million last year—a change of 1.1%—as shown in Table 5.

Table 5
Outstanding Debt at Year-End
(in Millions)

Type of Debt	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds (backed by the Village)	\$ 1.3	1.4	\$ -	-	\$ 1.3	1.4
Leases and loans (backed by certain Village assets)	0.2	0.1	0.1	0.2	0.3	0.3
Totals	\$ 1.5	1.5	\$ 0.1	0.2	\$ 1.6	1.7

The Village issued no new debt during the current fiscal year. More detailed information about the Village's debt is presented in Notes 1 and 10 to the financial statements.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2014

CONTACTING THE VILLAGE'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, contact the Village Treasurer at the Village of Round Lake Park, 203 East Lake Shore Drive, Round Lake Park, Illinois 60073.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Village of Round Lake Park, Illinois
Statement of Net Position
April 30, 2014

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets:			
Cash	\$ 2,103,792	\$ -	\$ 2,103,792
Receivables:			
Property taxes	757,715	-	757,715
Other taxes	434,684	-	434,684
Accounts	-	187,022	187,022
Other	1,883	-	1,883
Restricted cash	22,909	-	22,909
Prepaid Expenses	6,253	-	6,253
Internal Balances	65,045	(65,045)	-
Capital assets not being depreciated	1,017,819	-	1,017,819
Capital assets being depreciated, net of accumulated depreciation	2,247,711	2,875,209	5,122,920
Total assets	\$ 6,657,811	\$ 2,997,186	\$ 9,654,997
OUTFLOWS OF RESOURCES			
Deferred debt issuance costs, net of accumulated amortization	\$ 28,331	\$ -	\$ 28,331
LIABILITIES & INFLOWS OF RESOURCES			
Liabilities:			
Accounts payable	\$ 18,254	\$ 177,672	\$ 195,926
Accrued payroll	38,145	4,298	42,443
Accrued interest payable	30,235	1,478	31,713
Water deposits	-	96,891	96,891
Other	80,483	-	80,483
Long-term debt:			
Portion due or payable within one year	118,816	94,945	213,761
Portion due or payable after one year	1,351,202	-	1,351,202
Total liabilities	\$ 1,637,135	\$ 375,284	\$ 2,012,419
Deferred inflows of Resources:			
Deferred property taxes	\$ 757,715	\$ -	\$ 757,715
Total Deferred inflows of Resources	\$ 757,715	\$ -	\$ 757,715
NET POSITION			
Net Investment in capital assets	\$ 3,110,512	\$ 2,780,264	\$ 5,890,776
Restricted:			
Bond purposes (capital projects)	1,076,480	-	1,076,480
Retirement	129,947	-	129,947
Highways and streets	200,033	-	200,033
Public Safety	22,909	-	22,909
Debt Service	33,476	-	33,476
Unrestricted (deficit)	(282,065)	(158,362)	(440,427)
Total net position	\$ 4,291,292	\$ 2,621,902	\$ 6,913,194

The accompanying Notes are an integral part of these Financial Statements.

Village of Round Lake Park, Illinois
Statement of Activities
For the Year Ended April 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 592,033	\$ 242,194	\$ -	\$ -	\$ (349,839)	\$ -	\$ (349,839)
Public safety	1,840,578	292,133	87,164	-	(1,461,281)	-	(1,461,281)
Public works	314,941	-	30,286	98,938	(185,717)	-	(185,717)
Interest on long-term debt	100,768	-	-	-	(100,768)	-	(100,768)
Total governmental activities	2,848,320	534,327	117,450	98,938	(2,097,605)	-	(2,097,605)
Business-Type activities:							
Water / Sewer	1,124,671	1,150,880	-	-	-	26,209	26,209
Total - all activities	\$ 3,972,991	\$ 1,685,207	\$ 117,450	\$ 98,938	(2,097,605)	26,209	(2,071,396)
General revenues:							
Taxes:							
Property					776,337	-	776,337
Sales					275,400	-	275,400
Utility					380,681	-	380,681
Income					570,937	-	570,937
Use					120,680	-	120,680
Replacement					4,850	-	4,850
Pull Tabs & Video Gaming					9,546	-	9,546
Motor Fuel					220,285	-	220,285
Interest					202	-	202
Miscellaneous					60,317	-	60,317
Total general revenues					2,419,235	-	2,419,235
Change in net position					321,630	26,209	347,839
Net position, beginning of year					3,969,662	2,595,693	6,565,355
Net position, end of the year					\$ 4,291,292	\$ 2,621,902	\$ 6,913,194

The accompanying Notes are an integral part of these Financial Statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Village of Round Lake Park, Illinois
Balance Sheet - Governmental Funds
April 30, 2014

	General Fund	Capital Projects	Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 1,001,752	\$ 910,171	\$ 191,869	\$ 2,103,792
Receivables:				
Property taxes, net	467,831	152,785	137,099	757,715
Other taxes	420,848		13,836	434,684
Other	1,883			1,883
Restricted cash	22,909			22,909
Prepaid Expense	6,253			6,253
Due from other funds		166,309	169,647	335,956
TOTAL ASSETS	\$ 1,921,476	\$ 1,229,265	\$ 512,451	\$ 3,663,192
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES</u>				
Liabilities:				
Accounts payable	18,254			18,254
Accrued payroll	38,145			38,145
Due to other funds	58,815		212,095	270,910
Other current liabilities	80,483			80,483
TOTAL LIABILITIES	\$ 195,697	\$ -	\$ 212,095	\$ 407,792
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Property Taxes	467,831	152,785	137,099	757,715
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 467,831	\$ 152,785	\$ 137,099	\$ 757,715
Fund balances:				
Restricted for police activities	22,909			22,909
Restricted for capital projects		1,076,480		1,076,480
Unassigned, reported in:				
General Fund	1,235,039			1,235,039
Debt Service Fund			33,476	33,476
Special Revenue Funds			129,781	129,781
TOTAL FUND BALANCES (DEFICIT)	\$ 1,257,948	\$ 1,076,480	\$ 163,257	\$ 2,497,685
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	\$ 1,921,476	\$ 1,229,265	\$ 512,451	\$ 3,663,192

The accompanying Notes are an integral part of these Financial Statements.

Village of Round Lake Park, Illinois
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
April 30, 2014

Total fund balances - governmental funds	\$ 2,497,685
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	
Cost of the assets	\$ 4,966,480
Accumulated depreciation	(1,700,951)
Total capital assets, net of depreciation	3,265,529
<p>Debt issuance charges are reported as expenditures in the governmental funds when first incurred, however, they are included as deferred charges in the governmental activities column of the statement of net position.</p>	
	\$ 28,331
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. At April 30, 2014, these liabilities consisted of the following:</p>	
Bonds payable	(1,315,000)
Capital Leases payable	(155,018)
Accrued interest on long-term debt	(30,235)
	(1,500,253)
Total net position - governmental activities	\$ 4,291,292

The accompanying Notes are an integral part of these Financial Statements.

Village of Round Lake Park, Illinois
Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficits) - Governmental Funds
For the Year Ended April 30, 2014

	General Fund	Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 483,308	\$ 159,679	\$ 133,350	\$ 776,337
Other taxes	665,627	-	220,745	886,372
Intergovernmental	756,007	-	-	756,007
Licenses, permits, and fees	176,861	-	-	176,861
Charges for services	5,333	-	-	5,333
Fines and forfeitures	292,133	-	-	292,133
Grants and donations	186,102	30,286	-	216,388
Interest	88	-	114	202
Miscellaneous	28,882	-	31,435	60,317
Total Revenues	\$ 2,594,341	\$ 189,965	\$ 385,644	\$ 3,169,950
Expenditures:				
Current				
General government	294,539	-	231,295	525,834
Public safety	1,791,854	-	-	1,791,854
Public works	228,374	-	55,532	283,906
Capital outlay	122,706	64,117	163,365	350,188
Debt service:				
Principal retirement	33,541	60,000	-	93,541
Interest and fiscal charges	6,763	94,005	-	100,768
Total Expenditures	\$ 2,477,777	\$ 218,122	\$ 450,192	\$ 3,146,091
Excess of Revenues Over (Under) Expenditures	116,564	\$ (28,157)	\$ (64,548)	\$ 23,859
Other Financing Sources (Uses)				
Proceeds from Capital Leases	96,432	-	-	96,432
Net Change In Fund Balance	\$ 212,996	\$ (28,157)	\$ (64,548)	\$ 120,291
Fund balance - beginning of the year	1,044,952	1,104,637	227,805	2,377,394
Fund balances - end of the year	\$ 1,257,948	\$ 1,076,480	\$ 163,257	\$ 2,497,685

The accompanying Notes are an integral part of these Financial Statements.

**Village of Round Lake Park, Illinois
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances (Deficits)
of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2014**

Total net change in fund balances - governmental funds \$ 23,859

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

The depreciation of capital assets is reported as an expense in the statement of activities. (134,800)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 33,541

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance cost amortization (1,293)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. 350,188

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 60,000

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on debt (9,865)

Change in net position of governmental activities \$ 321,630

The accompanying Notes are an integral part of these Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Village of Round Lake Park, Illinois
Statement of Net Position - Proprietary Fund
April 30, 2014

	<u>Water / Sewer</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ -
Receivables	187,022
	187,022
Total current assets	187,022
Noncurrent assets - capital assets being depreciated, net	2,875,209
	2,875,209
Total assets	\$ 3,062,231
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 177,672
Accrued interest payable	1,478
Accrued salaries	4,298
Water deposits	96,891
Due to other funds	65,045
	345,384
Total current liabilities	345,384
Long-term debt:	
Portion due or payable within one year	94,945
Portion due or payable after one year	-
	94,945
Total noncurrent liabilities	94,945
Total liabilities	440,329
<u>NET POSITION</u>	
Net Investment in capital assets, Unrestricted	2,780,264
	(158,362)
Total net position	\$ 2,621,902

The accompanying Notes are an integral part of these Financial Statements.

**Village of Round Lake Park, Illinois
Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Fund
For the Year Ended April 30, 2014**

	Total
Operating Revenues:	
Charges for services	\$ 1,127,008
Fines and forfeitures	23,872
Total operating revenues	1,150,880
Operating Expenses:	
Salaries	152,047
Fringe benefits	40,823
Contractual services	304,491
Commodities	318,799
Utilities	36,995
Insurance	34,435
Depreciation	230,857
Total operating expenses	1,118,447
Net operating income	32,433
Nonoperating revenue (expenses)	
Grant revenue	-
Interest expense	(6,224)
Total nonoperating revenue (expenses)	(6,224)
Changes in net position	26,209
Net position, beginning of the year	2,595,693
Net position, end of the year	\$ 2,621,902

The accompanying Notes are an integral part of these Financial Statements.

Village of Round Lake Park, Illinois
Statement of Cash Flows - Proprietary Funds
For the Year Ended April 30, 2014

	Water / Sewer
Cash flows from operating activities:	
Receipts from customers	\$ 1,171,637
Payments to suppliers	(600,393)
Payments to employees	(194,274)
Net cash from operating activities	376,970
Cash flows from capital and related financing activities:	
Purchase of capital assets	(186,867)
Principal paid on capital lease	(14,372)
Principal paid on water meter loan	(84,000)
Net cash from capital and related financing activities	(285,239)
Cash flows from noncapital financing activities:	
Increases in due to other funds	(183,842)
Proceeds from sewer grant	92,111
Net cash from noncapital and related financing activities	(91,731)
Net increase in cash	-
Cash, beginning of the year	-
Cash, end of the year	\$ -
Reconciliation of operating loss to net cash provided by operating activities:	
Operating Income	\$ 26,209
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Depreciation	230,857
Net changes in:	
Receivables	89,949
Accounts payable	8,934
Accrued salaries	(1,404)
Accrued interest	(493)
Deposits payable	22,918
Net cash from operating activities	\$ 376,970

The accompanying Notes are an integral part of these Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Village of Round Lake Park, Illinois
Statement of Net Position - Fiduciary Funds
Police Pension Fund
April 30, 2014

<u>ASSETS</u>	Pension Trust Fund
Cash and Cash Equivalents:	\$ 5,000
Investments, at Fair Value	
State and Local Obligations	191,078
U.S. Government and Agency Obligations	1,008,691
Equity Mutual Funds	145,210
Money Market Mutual Funds	101,025
Accrued Interest Receivable	8,645
Prepays	<u>516</u>
Total Assets	\$ 1,460,165
<u>LIABILITIES</u>	
Accounts Payable	<u>1,601</u>
<u>NET POSITION</u>	
Net Position Held in Trust for Pension Benefits (A schedule of funding progress is presented in the required supplementary information.)	<u>\$ 1,458,564</u>

The accompanying Notes are an integral part of these Financial Statements.

Village of Round Lake Park, Illinois
Statement of Changes in Net Position - Fiduciary Funds
Police Pension Fund
For the Year Ended April 30, 2014

<u>ADDITIONS</u>	Pension Trust Fund
Contributions - Employer	\$ 204,474
Contributions - Plan Members	72,322
Total Contributions	276,796
Investment Income:	
Interest and Dividends Earned	42,202
Net Change in Fair Value	(31,604)
Total Investment Income	10,598
Less Investment Expenses	(6,065)
Net Investment Income	4,533
Total Additions	281,329
<u>DEDUCTIONS</u>	
Administration	18,840
Benefits and Refunds:	
Benefits	281,133
Total Deductions	299,973
Change in Net Position	(18,644)
Net Position, Beginning of the Year	1,477,208
Net Position, End of the Year	\$ 1,458,564

The accompanying Notes are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Round Lake Park, Illinois (the "Village") was incorporated in 1947. The Village is a municipal non-home rule corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include public safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, water and sewer services, and general administrative services.

The Village's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant accounting policies established by GAAP and used by the Village are discussed below.

A. Reporting Entity

These financial statements present the Village (the primary government) and its component unit, the Round Lake Park Police Pension Fund. As defined by GASBS 61, component units are legally separate entities that are included in the Village's reporting entity because of the significance of their operating or financial relationships with the Village.

The Round Lake Park Police Pension Fund, a Police Pension Employees Retirement System (PPERS), has been established for the Village's police employees. The PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one pension beneficiary, and two police employees, each elected by the membership, constitute the Pension Board. The Village and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels.

Although it possesses many characteristics of a legally separate government, the PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund in the primary government's annual financial report. No separate annual financial report is issued for the PPERS.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's water and sewer services are classified as business-type activities. Neither fiduciary funds nor component units that are fiduciary in nature are included in the government-wide financial statements.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions (police, public works, general administration, etc.) and business-type activities (water and sewer services). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (police, public works, general administration, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. Except for transfers, if any, between the Village's enterprise funds and its governmental funds, all interfund activity has been eliminated.

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

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures / expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

1. Governmental Funds

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

- a. The General Fund is the Village's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- b. The Downtown Redevelopment Capital Projects Fund accounts for grants and bond proceeds restricted to the redevelopment of the Village's downtown area.

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

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (continued)

2. Proprietary Funds

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

- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Water and Sewer Enterprise Fund operates the Village's water distribution and sewer systems, which primarily serve the Village's residents.

3. Fiduciary Funds

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

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

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING

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

1. Accrual

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

2. Modified Accrual

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

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Investments

Aside from those monies held in designated accounts for the Motor Fuel Tax Fund, the Downtown Redevelopment Capital Projects Fund, and the Police Pension Trust Fund, all of the Village's cash balances are combined in one commingled account. The individual funds' portions of that account are reported as cash in the individual fund financial statements. Investments, including those reported in pension trust funds, are stated at fair value (quoted market price or the best available estimate).

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. FINANCIAL STATEMENT AMOUNTS (continued)

2. Cash and Cash Equivalents

For purposes of the Proprietary Fund Statement of Cash Flows, the Village considers all investments with a maturity of three months or less when purchased to be cash equivalents.

3. Receivables

All receivables are reported net of estimated uncollectible amounts.

4. Prepaid Items

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of acquisition (purchase method).

5. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Village reports all major general infrastructure assets constructed or acquired in fiscal years ending after April 30, 1980, or that received major renovations, restorations, or improvements during that period. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Improvements	20 years
Equipment	5-15 years
Infrastructure	30 years

6. Compensated Absences

The amount of compensated absences is limited by ordinance to 80 hours per employee. The amount of pay related to compensated absences is immaterial and therefore has not been accrued in the financial statements.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. FINANCIAL STATEMENT AMOUNTS (continued)

7. Long-Term Debt

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). The Village issued no new long-term debt during the current fiscal year. Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported in the form of liabilities in the statement of net assets. Bond premiums / discounts and issuance costs are amortized over the life of the bonds.

8. Property Tax Calendar and Revenues

The Village is responsible for levying property taxes, but the taxes are collected by the County of Lake. The Village's property tax is levied each year on all taxable real property located within the Village's boundaries and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for the taxes of that year. Property taxes are due in two installments, one on or around June 1 and one on or around September 1. Taxes are considered delinquent if not received by the second installment due date.

The 2013 property tax levy is recognized as both a receivable and deferral in these financial statements. As the taxes become available to finance current expenditures, they will be recognized as revenue. At April 30, 2014, the property taxes receivable and deferred property tax revenue accounts presented in these financial statements consist entirely of the individual amounts comprising the Village's 2013 tax levy.

9. Defining Operating Revenues and Expenses

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

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. FINANCIAL STATEMENT AMOUNTS (continued)

10. Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net positions are divided into three categories:

- a. Invested in capital assets, net of related debt – This category consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- b. Restricted net position – This category consists of net position that are restricted by the Village's creditors (for example, through debt covenants), by State enabling legislation (through restrictions on shared revenues), by grantors (both Federal and State), and by any other contributors.
- c. Unrestricted net position – This category consists of all other net position.

11. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – This category consists of amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – This category consists of amounts that can be spent only for specific purposes because of the Village Incorporation Documents, the Village Code, State or Federal laws, or the externally imposed conditions of grantors and creditors.
- c. Committed – This category consists of amounts that can be used only for specific purposes as determined by formal Village Board action.
- d. Assigned – This category consists of amounts that are designated by the Mayor for a particular purpose but that are not spendable until an appropriations ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Village Board.
- e. Unassigned – This category consists of amounts that are not included under any other category.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. FINANCIAL STATEMENT AMOUNTS (continued)

12. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Village's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

13. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures / expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

F. APPROPRIATIONS POLICIES

The Village does not have a formal budget. It controls its revenues and expenditures through the use of an appropriations ordinance which is prepared and passed each fiscal year in accordance with the various legal and administrative requirements that govern the Village's operations.

G. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently issued and adopted accounting pronouncements include the following:

1. GASBS 54

In May 2009, the GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 requires the use of new fund balance classifications and clarifies existing governmental fund type definitions. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The Village adopted GASBS 54 in fiscal year 2012.

2. GASBS 59

In June 2010, the GASB issued Statement 59, *Financial Instruments Omnibus*. GASB 59 updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information; by improving consistency of measurements, and by providing clarifications of existing standards. This Statement is effective for financial statements for periods beginning after June 15, 2010. The Village adopted GASB Statement 59 in fiscal year 2012. The adoption of GASBS 59 does not have any impact on the Village's financial statements.

Recently issued accounting pronouncements include the following:

3. GASBS 60

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASBS 60 provides financial reporting guidance for concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (a governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES (continued)

4. GASBS 61

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus*, which amends its accounting and financial reporting standards for including, presenting, and disclosing information about governmental component units, including equity interests. It is designed to result in governmental financial statements that include all appropriate entities that a government is accountable for or financially intertwined with. The Statement amends GASB Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, to address financial reporting entity issues that have come to light since the issuance of those Statements in the 1990s. This Statement is effective for periods beginning after June 15, 2012.

5. GASBS 62

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA's) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

6. GASBS 63

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES (continued)

7. GASBS 64

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—An Amendment of GASB Statement No. 53*. GASBS 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement is effective for periods beginning after June 15, 2011.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS - VILLAGE

1. Authorized Deposits & Investments – Village-Owned Funds

The Illinois Compiled Statutes authorize Village funds to be invested in the following:

- a. In bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- b. In bonds, notes, debentures, or other similar obligations of the United States of America, its agencies, and its instrumentalities;
- c. In interest-bearing savings accounts, interest-bearing certificates of deposit, or interest-bearing time deposits or any other investments constituting direct obligations of any bank as described and defined by the Illinois Banking Act. Investments may only be made in banks which are insured by the Federal Deposit Insurance Corporation (FDIC);

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS – VILLAGE (continued)

1. Authorized Deposits & Investments – Village-Owned Funds (continued)

The Illinois Compiled Statutes authorize Village funds to be invested in the following:
(continued)

- d. In short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations, and (iii) no more than one-third of the public agency's funds may be invested in short-term obligations of corporations;
- e. In money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to certain investments as described and defined in the Illinois Compiled Statutes;
- f. In interest-bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions;
- g. In short-term discount obligations of the Federal National Mortgage Association or in shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of the State of Illinois or any other state or under the laws of the United States. Investments may be made only in those savings banks or savings and loan associations the shares, or investment certificates of which are insured by the Federal Deposit Insurance Corporation (FDIC);
- h. In dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States; provided, however, the principal office of any such credit union must be located within the State of Illinois. Investments may be made only in those credit unions the accounts of which are insured by applicable law;
- i. In a Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act;

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS – VILLAGE (continued)

1. Authorized Deposits & Investments – Village-Owned Funds (continued)

The Illinois Compiled Statutes authorize Village funds to be invested in the following:
(continued)

- j. In a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company;
- k. In repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 and subject to certain provision set forth in the Illinois Compiled Statutes.

B. CASH, CASH EQUIVALENTS, AND INVESTMENTS – POLICE PENSION

1. Authorized Deposits & Investments – Police Pension-Owned Funds

The Illinois Compiled Statutes authorize the Village's Police Pension Fund monies to be invested in the following:

- a. Interest-bearing direct obligations of the United States of America;
- b. Interest-bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America;
- c. Interest-bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America, as described and defined in the Illinois Compiled Statutes;
- d. Interest-bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the Federal government;

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

B. CASH, CASH EQUIVALENTS, AND INVESTMENTS – POLICE PENSION (continued)

1. Authorized Deposits & Investments – Police Pension-Owned Funds (continued)

The Illinois Compiled Statutes authorize the Village's Police Pension Fund monies to be invested in the following:
(continued)

- e. Interest-bearing savings accounts or certificates of deposit, issued by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the Federal government;
- f. Investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the Federal government;
- g. Interest-bearing bonds of the State of Illinois;
- h. Pooled interest-bearing accounts managed by the Illinois Public Treasurer's Investment Pool in accordance with the Deposit of State Moneys Act, interest-bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, and interest-bearing funds or pooled accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois;
- i. Interest-bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois;
- j. Direct obligations of the State of Israel, subject to the conditions and limitations described and defined in the Illinois Compiled Statutes;
- k. Money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953, and are diversified, open-ended management investment companies; provided that the portfolio of the money market mutual fund is limited to certain investments as described and defined in the Illinois Compiled Statutes;
- l. General accounts of life insurance companies authorized to transact business in Illinois;

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

B. CASH, CASH EQUIVALENTS, AND INVESTMENTS – POLICE PENSION (continued)

1. Authorized Deposits & Investments – Police Pension-Owned Funds (continued)

The Illinois Compiled Statutes authorize the Village's Police Pension Fund monies to be invested in the following:
(continued)

- m. Any combination of certain accounts and certain mutual funds, as described and defined in the Illinois Compiled Statutes that do not exceed 10% of the pension fund's net assets;
- n. Corporate bonds managed through an investment advisor that meet the requirements described and defined in the Illinois Compiled Statutes.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

C. CASH, CASH EQUIVALENTS, AND INVESTMENTS – YEAR-END BALANCES

The Village's deposits and investments at year-end were comprised of the following:

<u>Account / Investment Type</u>	<u>Carrying Values</u>	<u>Bank / Investment Balances</u>
Deposits with Financial Institutions	\$ 1,755,484	\$ 1,824,855
Money Market Mutual Funds	101,025	101,025
State and Local Bonds	191,078	191,078
U.S. Government and Agency Obligations	1,008,691	1,008,691
Equity Mutual Funds	145,210	145,210
Illinois Funds	376,017	375,637
Petty Cash	200	-
	<u>\$ 3,577,705</u>	<u>\$ 3,646,496</u>

Reconciliation to Financial Statements:

Amounts per Statement of Net Assets:

Unrestricted Cash	\$ 2,103,792
Retricted Cash	22,909
Total amount per Statement of Net Assets	<u>2,126,701</u>

Amount Per Statement of Plan Net Assets -

Fiduciary Funds - Police Pension Trust Fund	<u>1,451,004</u>
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Total Deposits and Investments	<u>\$ 3,577,705</u>
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Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest-bearing accounts and unlimited amounts for noninterest-bearing accounts.