

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 (continued)

The Securities Investor Protection Corporation (SIPC), which was created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation and not an agency of the U.S. Government.

If a brokerage firm goes out of business and is a member of the Securities Investor Protection Corporation (SIPC), the account holder's cash and securities held by that brokerage firm may be protected up to \$500,000, including a \$250,000 limit for cash.

SIPC covers most types of securities, such as stocks, bonds, and mutual funds. SIPC does not protect against losses caused by declines in the market values of securities and does not provide protection for investment contracts not registered with the Securities and Exchange Commission (SEC).

The Village's Police Pension Fund Investments are held in an account at a brokerage house that is registered with the SIPC. The Village has no other investments.

At year-end, the Village Police Pension Fund held the following debt securities and investments with the following maturities:

| Investment Type | Fair Value | Investment Maturities - In Years | | | |
|--|---------------------|----------------------------------|-------------------|-------------------|------------------|
| | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| State and Local Securities | \$ 191,078 | \$ - | \$ 48,698 | \$ 80,840 | \$ 61,540 |
| U.S. Treasury Notes | 223,436 | 15,063 | 162,769 | 45,604 | - |
| Federal Farm Credit Bank | 248,163 | 41,415 | 99,084 | 83,794 | 23,870 |
| Federal Home Loan Mortgage Corporation | 128,015 | - | 50,094 | 77,921 | - |
| Federal Home Loan Bank | 222,027 | - | 76,657 | 145,370 | - |
| Federal National Mortgage Association | 187,050 | 31,376 | 101,651 | 54,023 | - |
| Money Market Mutual Funds | 101,025 | 101,025 | - | - | - |
| Total | \$ 1,300,794 | \$ 188,879 | \$ 538,953 | \$ 487,552 | \$ 85,410 |

The table above assumes any callable securities will not be called.

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

D. CASH, CASH EQUIVALENTS, AND INVESTMENTS – RISKS

1. 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 Police Pension Fund’s investment policy states “the assets shall be sufficiently liquid to meet the Pension Fund’s disbursement requirements for the payment of operating expenses and benefits.” The Village’s Police Pension Fund attempts to limit its exposure to interest rate risk by investing in fixed income securities with varying interest rates and maturity dates.

2. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village Police Pension Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and / or its agencies that are implicitly guaranteed by the United States Government. The Village Police Pension Fund’s investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code.

The Village Police Pension Fund’s investments in the securities of State and Local Obligations were all rated AA or better and U.S. Government agencies were all rated AA+ and AAA by Standard and Poor’s and Moody’s Investors Services, respectively, or were small issues that were unrated. Those unrated investments are listed in the table below.

| Investment Type | Par Value | Rate | Date |
|----------------------------------|-----------|--------|------------------|
| Eastern Illinois University Bond | \$ 5,000 | 5.800% | April 1, 2022 |
| City of Decatur, Illinois Bond | 30,000 | 5.500% | December 1, 2015 |
| Federal Home Loan Bank | 15,000 | 2.130% | February 6, 2023 |

In August of 2011, U.S. Treasury and government agency security ratings were downgraded by Standard and Poor’s rating agency from AAA to AA+. The other two ratings agencies, Moody’s Investors Services and Fitch Group, reaffirmed the AAA rating. The impact of the downgrade is not known at this time.

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

D. CASH, CASH EQUIVALENTS, AND INVESTMENTS – RISKS (continued)

3. Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Village's and /or Village Police Pension Fund's deposits may not be returned to it. At April 30, 2014, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

4. Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Village's Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Money market mutual funds and equity mutual funds are not subject to custodial credit risk. In accordance with its investment policy the Village's Police Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Village's Police Pension Board, to act as custodian for its securities and collateral.

5. Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of the Village Police Pension Fund's investment in a single issuer. The Village Police Pension Fund does not have a formal written policy with regards to concentration credit risk for investments. At April 30, 2014, the Village Police Pension Fund held over 5%, or \$72,928, of plan net assets in various agency securities as indicated in the table on page 42. Agency investments represent a large portion of the Village Police Pension Fund portfolio; however, the investments are diversified by maturity date and, as mentioned earlier, are backed by the issuing organization. Although, unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to be supported by a moral obligation of implicit backing and are supported by Treasury lines of credit and are the focus of increasingly stringent Federal regulation.

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)

E. CASH, CASH EQUIVALENTS, AND INVESTMENTS – MUTUAL FUND DETAIL

The Village Police Pension Board has diversified its equity mutual fund holdings as follows:

| <u>Investment Fund Name</u> | <u>At Fair Value</u> |
|---|----------------------|
| Vanguard 500 Index Signal Fund | \$ 33,752 |
| T. Rowe Price Growth Stock Fund | 30,864 |
| Pioneer Equity Income Fund | 15,953 |
| LSV Value Equity Fund | 16,830 |
| Homestead Small Blend | 10,310 |
| Baron Small Cap Institutional Fund | 9,755 |
| Cohen and Steers Institutional Realty Shares Fund | 3,716 |
| American Beacon Foreign Large Value Fund | 2,514 |
| Fidelity Natural Resources Fund | 1,911 |
| RS Global Natural Resources Fund | 1,854 |
| Hennessy Focus Institutional Fund | 4,336 |
| Scout International Fund | 4,585 |
| Bridgeway Ultra-Small Company Market Fund | 4,199 |
| Openheimer Developing Markets Fund | 2,302 |
| First Eagle Overseas Fund | 2,329 |
| Total | <u>\$ 145,210</u> |

3. INTERFUND ACTIVITIES

A. INTERFUND RECEIVABLES / PAYABLES

The Village's interfund (due to / due from) balances consisted of the following as of April 30, 2014:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|------------------------|---------------------|------------------|--------------------|
| Governmental Funds | Water / Sewer Fund | <u>\$ 65,045</u> | General Operations |

The above balance is expected to be liquidated in the next fiscal year during the course of normal operations.

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

4. DISAGGREGATION OF RECEIVABLE BALANCES

The Village's receivables as of year-end were comprised of the following:

| Type of Receivable | Amount |
|---|---------------------|
| Property taxes, net - General Fund | \$ 467,831 |
| Property taxes, net - Downtown Redevelopment Fund | 152,785 |
| Property taxes, net - Retirements Fund | 18,950 |
| Property taxes, net - Road and Bridge Fund | 4,448 |
| Property taxes, net - Liability Insurance Fund | 97,712 |
| Property taxes, net - Audit Fund | 15,989 |
| Total property taxes, net | <u>757,715</u> |
| Motor fuel tax | 13,836 |
| State income tax | 269,928 |
| Utility tax | 86,315 |
| Use tax | 20,331 |
| Sales tax | 43,550 |
| Personal property replacement tax | 725 |
| Total other taxes | <u>434,685</u> |
| Refuse charges | 1,883 |
| Total other receivables | <u>1,883</u> |
| Water / sewer charges | <u>187,022</u> |
| Total receivables per Statement of Net Position | <u>\$ 1,381,305</u> |

All of the Village's receivables are expected to be collected within one year.

The amount uncollectible in relation to the water and sewer receivable is deemed immaterial and therefore has not been tracked by the Village.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
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FOR THE FISCAL YEAR ENDED APRIL 30, 2014

5. DISAGGREGATION OF DEFERRED INFLOWS OF RESOURCES

The Village's deferred inflows of resources as of year-end were comprised of the following:

| <u>Type of Revenue Deferred</u> | <u>Amount</u> |
|--|-----------------------|
| Real estate taxes - General Fund | \$ 467,831 |
| Real estate taxes - Retirements Fund | 18,950 |
| Real estate taxes - Liability Insurance Fund | 97,712 |
| Real estate taxes - Audit Fund | 15,989 |
| Real estate taxes - Downtown Redevelopment Fund | 152,785 |
| Real estate taxes - Road and Bridge Fund | 4,448 |
| Total real estate taxes | <u>757,715</u> |
| Total deferred revenues per Statement of Net Position | <u>\$ 757,715</u> |

Under the accrual method, deferred revenue is recognized as revenue in the period in which it has been earned. An exception in Illinois is real estate taxes, whereby the intent of the Village is to finance the following year's operations with the real estate taxes related to that year. Therefore, those amounts remain deferred at year-end for purposes of 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

6. RESTRICTED ASSETS

At year-end the Village's restricted assets were comprised of the following:

| Fund | Type of Restriction | Amount |
|---|--|---------------------|
| Downtown Redevelopment | Bond purposes (capital projects) | \$ 1,076,480 |
| Retirements | Payment of employer IMRF and Social Security contributions | 129,947 |
| Motor Fuel Tax | Highway and street maintenance | 200,033 |
| General Fund | Public safety | 22,909 |
| Debt Service | Debt service | 33,476 |
| Total restricted net assets per Statement of Net Position | | <u>\$ 1,462,845</u> |

7. CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

The Village's governmental fund capital asset activity during the current fiscal year was as follows:

| <u>Governmental Activities</u> | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---------------------|-------------------|-------------|---------------------|
| <u>Non-Depreciable Assets:</u> | | | | |
| Land | \$ 1,017,819 | \$ - | \$ - | \$ 1,017,819 |
| <u>Depreciable Assets:</u> | | | | |
| Buildings | 1,458,093 | - | - | 1,458,093 |
| Machinery and Equipment | 1,126,032 | 122,706 | - | 1,248,738 |
| Land Improvements | 1,014,348 | 227,482 | - | 1,241,830 |
| Total Depreciable Assets | <u>3,598,473</u> | <u>350,188</u> | <u>-</u> | <u>3,948,661</u> |
| Total Capital Assets | <u>4,616,292</u> | <u>350,188</u> | <u>-</u> | <u>4,966,480</u> |
| Less: Accumulated Depreciation for: | | | | |
| Buildings | (467,884) | (27,525) | - | (495,409) |
| Machinery and Equipment | (931,843) | (58,808) | - | (990,651) |
| Land Improvements | (166,423) | (48,467) | - | (214,890) |
| Total Accumulated Depreciation | <u>(1,566,150)</u> | <u>(134,800)</u> | <u>-</u> | <u>(1,700,950)</u> |
| Depreciable Assets, Net | <u>2,032,323</u> | <u>215,388</u> | <u>-</u> | <u>2,247,711</u> |
| Total Governmental Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 3,050,142</u> | <u>\$ 215,388</u> | <u>\$ -</u> | <u>\$ 3,265,530</u> |

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7. CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

Governmental activities depreciation expense was charged to the following functions:

| | |
|---|--------------------------|
| General Government | \$ 55,041 |
| Public Safety | 48,724 |
| Public Works | <u>31,035</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 134,800</u> |

8. CAPITAL ASSETS – BUSINESS-TYPE ACTIVITIES

The Village's enterprise fund-related capital asset activity for the current fiscal year was as follows:

| <u>Business-Type Activities</u> | Beginning Balance | Additions | Deletions | Ending Balance |
|---|--------------------------|--------------------|-------------|---------------------|
| <u>Depreciable Assets:</u> | | | | |
| Infrastructure | \$ 5,302,107 | \$ 94,756 | \$ - | \$ 5,396,863 |
| Buildings | 915,590 | - | - | 915,590 |
| Machinery and Equipment | 315,112 | - | - | 315,112 |
| Land Improvements | 129,180 | - | - | 129,180 |
| Total Depreciable Assets | <u>6,661,989</u> | <u>94,756</u> | <u>-</u> | <u>6,756,745</u> |
| Less: Accumulated Depreciation for: | | | | |
| Infrastructure | (2,998,468) [†] | (188,398) | - | (3,186,866) |
| Buildings | (371,691) | (18,312) | - | (390,003) |
| Machinery and Equipment | (208,296) | (19,428) | - | (227,724) |
| Land Improvements | (72,224) | (4,719) | - | (76,943) |
| Total Accumulated Depreciation | <u>(3,650,679)</u> | <u>(230,857)</u> | <u>-</u> | <u>(3,881,536)</u> |
| Total Business-Type Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 3,011,310</u> | <u>\$(136,101)</u> | <u>\$ -</u> | <u>\$ 2,875,209</u> |

The Village only has one proprietary fund, the Water / Sewer Fund; therefore all business-type activities depreciation expense was posted to that Fund and not to any specific function.

VILLAGE OF ROUND LAKE PARK, ILLINOIS
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9. LONG-TERM DEBT – GOVERNMENTAL FUNDS

A summary of the changes in governmental activity long-term debt for the year ended April 30, 2014 is presented in the following table.

| Issue | Balance May 1, 2013 | Additions | Reductions | Balance April 30, 2014 | Due Within One Year |
|---|------------------------|-------------------|-------------------|---------------------------|------------------------|
| General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2009 (Build America Bonds), dated January 1, 2010. Principal is payable in annual installments of \$55,000 to \$120,000 through January 1, 2029 with interest payable in semiannual installments at 5.0% to 7.4%. | \$ 1,375,000 | - | \$ 60,000 | \$ 1,315,000 | \$ 60,000 |
| Capital lease for Public Works vehicle in the amount of \$61,429, dated November 2, 2012, with principal and interest due in monthly installments of \$1,195 beginning November 2, 2012 and ending January 2, 2018 with interest at 5.85%. | 58,429 | - | 11,217 | 47,212 | 11,891 |
| Capital lease for new phone system in the amount of \$38,000, dated November 28, 2012 with principal and interest due in monthly installments of \$700 beginning December 2, 2012 and ending September 2, 2017 with interest at 4.00% | 33,699 | - | 7,180 | 26,519 | 7,473 |
| Capital Lease for two Chevy Tahoes in the amount of \$74,445, dated November 6, 2013 with principal and interest due in annual installments of \$26,274 beginning November 6, 2013 and ending on November 6, 2015 | - | 74,445 | 26,274 | 48,171 | 23,384 |
| Capital Lease for two Chevy Impalas in the amount of \$66,350, dated June 7, 2012 with principal and interest due in annual installments of \$18,088.54 beginning June 7, 2012 and ending June 7, 2015. | - | 48,261 | 15,145 | 33,116 | 16,068 |
| Totals | \$ 1,467,128 | \$ 122,706 | \$ 119,816 | \$ 1,470,018 | \$ 118,816 |

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

9. LONG-TERM DEBT – GOVERNMENTAL FUNDS (continued)

A summary of the changes in business-type activity long-term debt for the year ended April 30, 2014 is presented in the following table.

Debt service to maturity on outstanding governmental activity debt is as follows:

| Fiscal Year | Principal | Interest | Total |
|----------------|---------------------|-------------------|---------------------|
| 2015 | \$ 118,816 | \$ 98,988 | \$ 217,804 |
| 2016 | 127,128 | 92,286 | 219,414 |
| 2017 | 86,549 | 84,513 | 171,062 |
| 2018 | 82,525 | 79,841 | 162,366 |
| 2019 | 75,000 | 75,055 | 150,055 |
| 2020-2024 | 430,000 | 294,900 | 724,900 |
| 2025-2029 | 550,000 | 125,180 | 675,180 |
| Totals | \$ 1,470,018 | \$ 850,762 | \$ 2,320,780 |

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

10. LONG-TERM DEBT – PROPRIETARY FUNDS

A summary of the changes in business-type activity long-term debt for the year ended April 30, 2014 is presented in the following table.

| Issue | Balance May 1, 2013 | Additions | Reductions | Balance April 30, 2014 | Due Within One Year |
|--|------------------------|-----------|------------|---------------------------|------------------------|
| Capital lease for public works equipment in the amount of \$63,389, dated January 13, 2010, with principal and interest payments due monthly in the amount of \$1,261 commencing February 2010 through January 2015, with interest at 4.00%. The lease is secured by a dump truck with a net book value of \$44,033 at April 30, 2014. | \$ 25,317 | - | \$ 14,372 | \$ 10,945 | \$ 10,945 |
| Loan with a financial institution in the amount of \$420,000, dated December 15, 2009, with semiannual interest paid on January 1 and July 1, with interest at 3.50% and with principal payable in annual installments of \$84,000 on January 1 of each year, commencing January 1, 2011. | 168,000 | - | 84,000 | 84,000 | 84,000 |
| Totals | \$ 193,317 | \$ - | \$ 98,372 | \$ 94,945 | \$ 94,945 |

Debt service to maturity on outstanding business-type activity debt is as follows:

| Fiscal Year | Principal | Interest | Total |
|----------------|-----------|----------|-----------|
| 2015 | \$ 94,945 | \$ 3,249 | \$ 98,194 |

11. RISK MANAGEMENT

The Village is exposed to various risks of loss such as, but not limited to, the following: torts; theft of, damage to, or destruction of assets; administrative errors and omissions; injuries to employees and to others; natural disasters; and the health care of its employees. The Village purchases commercial insurance to provide coverage for losses from those risks. The Village's property coverage decreased by approximately \$1,000,000 between fiscal years 2011 and 2012. This drop resulted from property value decreases caused by the poor economy. There have been no claims in excess of coverage over the last 3 fiscal years

VILLAGE OF ROUND LAKE PARK, ILLINOIS
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12. LEGAL DEBT MARGIN

The Illinois Compiled Statutes state that but for certain excepted debt, as defined in Chapter 65, Section 5/8-5-1 of said Statutes, "no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979. The Village did not exceed its legal debt margin at April 30, 2014.

13. EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS

A. ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)

1. Plan Description

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

2. Funding Policy

As set by statute, the Village's Regular Plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 7.35 percent. 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.

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13. EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS (continued)

A. ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) (continued)

3. Annual Pension Cost

The Village's required contribution for calendar year 2013 was equal to its required contribution for that period, \$29,515.

| Calendar Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------------|------------------------------|----------------------------------|---------------------------|
| 12/31/2013 | \$ 29,515 | 100% | \$ - |
| 12/31/2012 | 34,254 | 100% | - |
| 12/31/2011 | 41,012 | 100% | - |

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% per year, attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 10.00% per year, depending on age and service, attributable to seniority / merit, and (d) post-retirement benefit increases of 3.00% annually. The actuarial value of the Village's Regular Plan Assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20.00% corridor between the actuarial and market value of assets. The Village's Regular Plan's overfunded actuarial accrued liability at December 31, 2011, is being amortized as a level percentage of projected payroll on an open 30 year basis.

4. Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the Regular Plan was 104.23 percent funded. The actuarial accrued liability for benefits was \$1,107,492 and the actuarial value of assets was \$1,154,339, resulting in an overfunded actuarial accrued liability (OAAL) of \$46,847. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$401,565. Because the Plan is overfunded, there is no ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll.

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13. EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS (continued)

A. ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) (continued)

4. Funded Status and Funding Progress (continued)

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

B. SHERIFF'S LAW ENFORCEMENT PERSONNEL PLAN (SLEP)

1. Plan Description

The Village's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

2. Funding Policy

As set by statute, the Village's Sheriff's Law Enforcement Personnel Plan members are required to contribute 7.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 13.77 percent. 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.

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13. EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS (continued)

B. SHERIFF’S LAW ENFORCEMENT PERSONNEL PLAN (SLEP) (continued)

3. Annual Pension Cost

The required contribution for calendar year 2013 was \$3,013.

| Three-Year Trend Information For The Sheriff’s Law Enforcement Personnel Plan | | | |
|--|--------------------------------------|--|-----------------------------------|
| Calendar Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 12/31/2013 | \$ 3,013 | 100% | \$ - |
| 12/31/2012 | 2,666 | 100% | - |
| 12/31/2011 | - | 100% | - |

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% per year, attributable to inflation, (c), additional projected salary increases ranging from 0.40% to 10.00% per year, depending on age and service, attributable to seniority / merit, and (d) post-retirement benefit increases of 3.00% annually. The actuarial value of the Village’s Sheriff’s Law Enforcement Personnel 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 20.00% corridor between the actuarial and market value of assets. The Village’s Sheriff’s Law Enforcement Personnel Plan’s unfunded actuarial accrued liability (UAAL) at December 31, 2011, is being amortized as a level percentage of projected payroll on an open 30 year basis.

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13. EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS (continued)

B. SHERIFF’S LAW ENFORCEMENT PERSONNEL PLAN (SLEP)

4. Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the Sheriff’s Law Enforcement Personnel Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$0 and the actuarial value of assets was \$(341,484), resulting in an unfunded actuarial accrued liability (UAAL) of \$341,484. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was 0.00%.

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

C. POLICE PENSION PLAN

1. Plan Description

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The Police Pension Plan provides retirement, disability, and death benefits, as well as automatic annual cost of living adjustments, to plan members and their beneficiaries. Plan members are required to contribute 9.91% of their annual covered payroll. The Village is required to contribute at an actuarially determined rate. Although this is a single-employer pension plan, the defined benefits and contribution requirements of the plan members and the Village are governed by Illinois State Statutes and may only be amended by the Illinois legislature. Administrative costs are financed through investment earnings. The Police Pension Plan does not issue a stand-alone financial report.

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

13. EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS (continued)

C. POLICE PENSION PLAN (continued)

1. Plan Description (continued)

At April 30, 2014, the date of the latest actuarial valuation, the Police Pension Plan membership consisted of the following:

| | |
|---|----|
| Retirees and Beneficiaries Currently Receiving Benefits and Terminated Members Entitled to But Not Yet Receiving Benefits | 4 |
| Active Plan Members | 13 |
| Total | 17 |

2. Plan Provisions and Funding Policies

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more, with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary.

Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of creditable service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter.

The monthly benefit of a police officer hired before January 1, 2011, 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% compounded annually thereafter.

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

13. EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS (continued)

C. POLICE PENSION PLAN (continued)

2. Plan Provisions and Funding Policies (continued)

The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the consumer price index (CPI).

Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension 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 2040, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

3. Funded Status and Funding Progress

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan net assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed; and the period, to be 100% funded by 2040; and the significant actuarial assumptions were an investment rate of return at 5.5%, compounded annually, a projected salary increases assumption of 5.5%, including a 3.0% inflation factor, and payroll increase of 4.0%, compounded annually.

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

13. EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS (continued)

C. POLICE PENSION PLAN (continued)

3. Funded Status and Funding Progress (continued)

The Police Pension Plan funding status and related information for the current year is as follows:

| | |
|---|----------------|
| Actuarial Valuation Date | April 30, 2013 |
| Percent Funded | 23.48% |
| Actuarial Accrued Liability for Benefits | \$ 6,488,243 |
| Actuarial Value of Assets | \$ 1,523,647 |
| Over (Under) Funded Actuarial Accrued Liability (UAAL) | \$ (4,964,596) |
| Covered Payroll (Annual Payroll of Active Employees Covered by the Plan) | \$ 842,724 |
| Ratio of UAAL to Covered Payroll | 589.11% |

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

14. DEFICIT BALANCES

Generally accepted accounting principles require the disclosure of individual funds that have deficit balances at year-end.

As of April 30, 2014, the following individual funds held deficit balances:

| <u>Fund</u> | <u>Amount</u> | <u>Reason for Deficit</u> |
|------------------|---------------|--------------------------------------|
| Road and Bridge | \$ (11,896) | Excess of expenditures over revenues |
| Audit | (265) | Excess of expenditures over revenues |
| Capital Projects | (191,559) | Excess of expenditures over revenues |

Fund deficits are expected to be funded with future contributions.

15. COMMITMENTS AND CONTINGENCIES

The Village received a letter from the attorney for the Village's Police Pension Fund. In that letter the Pension Fund's attorney stated that the amount of tax levy that is required to properly fund the Police Pension Fund for the contribution year dated May 1, 2012 is \$375,449.00. The last levy for the Pension Fund was \$189,000.92, and any future levy is limited by the Illinois "Property Tax Extension Limitation Law" (35 ILCS 200/18-205) to an increase that is either "5% or the percentage increase in the Consumer Price Index during the 12-month calendar year preceding the tax levy." The limitation provided by aforesaid Illinois "Property Tax Extension Limitation Law" limits the ability of the Village of Round Lake Park to levy the amount recommended by the Police Pension Fund's actuary. In order to remedy the underfunding of the Police Pension Fund, the Village placed a referendum question on the April 9, 2014, election ballot to increase the tax levy by 34.251% for the 2014 tax year. The referendum was unsuccessful.

Because the referendum was unsuccessful, the Police Pension Fund's Board has the power and authority to file a lawsuit against the Village, seeking various forms of relief, including an increase in the Village's tax levy or a diversion of other Village funds into the Police Pension Fund. It is the opinion of management in consultation with legal counsel that it is unlikely that such a lawsuit would prevail.

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

16. SUBSEQUENT EVENTS

The Village's administration has evaluated subsequent events through December 8, 2014, the date the financial statements were available to be issued. Due to investment market fluctuation, total pension fund plan assets, as reported, may not be representative of values subsequent to year end.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS

Village of Round Lake Park, Illinois
Illinois Municipal Retirement Fund (IMRF)
Required Supplementary Information
Schedule of Funding Progress
April 30, 2014

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Liability (AAL) - Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|---------------------------|---------------------------------------|---------------------|--------------|-----------------|---|
| 12/31/2013 | \$ 1,154,339 | \$ 1,107,492 | \$ (46,847) | 104.23 % | \$ 401,565 | 0.00 % |
| 12/31/2012 | 1,860,101 | 1,666,791 | (193,310) | 111.60 | 428,173 | 0.00 |
| 12/31/2011 | 1,861,549 | 1,737,251 | (124,298) | 107.15 | 452,675 | 0.00 |

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$1,398,565. On a market basis, the funded ratio would be 126.28%

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

See independent auditor's report.

Village of Round Lake Park, Illinois
Sheriff's Law Enforcement Personnel (SLEP)
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2013

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|---------------------------|---|---------------------|--------------|-----------------|---|
| 12/31/2013 | \$ (341,484) | \$ 581,185 | \$ 341,484 | - % | \$ - | 0.00 % |
| 12/31/2012 | 543,643 | 581,185 | 37,542 | 93.54 | - | N/A |
| 12/31/2011 | 512,212 | 540,638 | 28,426 | 94.74 | - | N/A |

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$(282,381). On a market basis, the funded ratio would be 0.00%.

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

See independent auditor's report.

Village of Round Lake Park, Illinois
Fiduciary Funds
Police Pension Fund
Required Supplementary Information
Schedule of Funding Progress - Illinois Department of Insurance
April 30, 2013

| Actuarial Valuation Date | (1) Actuarial Value of Plan Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Funded Ratio (1) / (2) | (4) Unfunded (Overfunded) Actuarial Accrued Liability AAL (2) - (1) | (5) Annual Covered Payroll | (6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5) |
|--------------------------|---------------------------------------|--|-------------------------------|--|-------------------------------|---|
| April 30 | | | | | | |
| 2008 | 734,372 | 3,744,006 | 19.61% | 3,009,634 | 713,284 | 421.94% |
| 2009 | 663,781 | 4,166,662 | 15.93% | 3,502,881 | 738,976 | 474.02% |
| 2010 | 924,379 | 4,436,352 | 20.84% | 3,511,973 | 738,976 | 475.25% |
| 2011 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2012 | 1,113,257 | 6,022,394 | 18.49% | 4,909,137 | 757,101 | 648.41% |
| 2013 | 1,508,326 | 6,634,932 | 22.73% | 5,126,606 | 826,200 | 620.50% |

N/A - Information is presented for as many of the six prior years as information according to disclosure parameters is available. Information for these years is not available.

Notes to the Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was projected unit credit; the amortization method was level percent of pay, closed, and the amortization period was 90% funded through 2040; the asset valuation method was a 5-year smoother market value method; and the significant actuarial assumptions were an investment rate of return at 5.0%, a projected salary increases assumption of 4% to 11% compounded annually, including a 3.0% inflation factor, and a payroll increase of 4.5%, compounded annually.

See independent auditor's report.

Village of Round Lake Park, Illinois
Fiduciary Funds
Police Pension Fund
Required Supplementary Information
Schedule of Funding Progress - Private Actuary
April 30, 2014

| Actuarial Valuation Date | (1) Actuarial Value of Plan Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Funded Ratio (1) / (2) | (4) Unfunded (Overfunded) Actuarial Accrued Liability AAL (2) - (1) | (5) Annual Covered Payroll | (6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5) |
|--------------------------|---------------------------------------|--|-------------------------------|--|-------------------------------|---|
| April 30 | | | | | | |
| 2008 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2009 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2010 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2011 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2012 | 1,114,077 | 5,634,443 | 19.77% | 4,520,366 | 777,921 | 581.08% |
| 2013 | 1,523,647 | 6,488,243 | 23.48% | 4,964,596 | 842,724 | 589.11% |

N/A - Information is presented for as many of the six prior years as information according to disclosure parameters is available. Information for these years is not available.

Notes to the Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was through 2040; the asset valuation method is 5-year smoothed market value; and the significant actuarial assumptions were an investment rate of return at 5.5%, compounded annually, a projected salary increases assumption of 4% to 6%, including a 3% inflation factor, and payroll increases of 45, compounded annually. See independent auditor's report.

SCHEDULES OF EMPLOYER CONTRIBUTIONS

**Village of Round Lake Park, Illinois
 Illinois Municipal Retirement Fund (IMRF)
 Required Supplementary Information -
 Employer Contributions
 April 30, 2014**

| Fiscal Year Ended April 30, | Employer Contributions | Annual Required Contribution | Percent Contributed | Net Pension Obligation |
|--|-----------------------------------|---|--------------------------------|---------------------------------------|
| 2013 | \$ 29,515 | \$ 29,515 | 100.00 % | \$ - |
| 2012 | 34,254 | 34,254 | 100.00 | - |
| 2011 | 41,012 | 41,012 | 90.00 | - |

See independent auditor's report.

**Village of Round Lake Park, Illinois
 Sheriff's Law Enforcement Personnel (SLEP)
 Required Supplementary Information -
 Employer Contributions
 April 30, 2014**

| Fiscal Year Ended April 30, | Employer Contributions | Annual Required Contribution | Percent Contributed | Net Pension Obligation |
|--|-----------------------------------|---|--------------------------------|---------------------------------------|
| 2013 | \$ - | \$ - | 0.00 % | \$ - |
| 2012 | - | - | 0.00 | - |
| 2011 | - | - | 0.00 | - |

See independent auditor's report.

**Village of Round Lake Park, Illinois
 Fiduciary Funds
 Police Pension Fund
 Required Supplementary Information
 Employer Contributions - Illinois Department of Insurance
 April 30, 2014**

| Fiscal Year Ended April 30 | Employer Contributions | Annual Required Contribution | Percent Contributed |
|---|-----------------------------------|---|--------------------------------|
| 2009 | 138,953 | 265,787 | 52.28% |
| 2010 | 114,213 | 294,688 | 38.76% |
| 2011 | 165,354 | 301,393 | 54.86% |
| 2012 | 183,883 | N/A | N/A |
| 2013 | 197,364 | 445,563 | 44.30% |
| 2014 | 204,474 | 466,011 | 43.88% |

N/A - Information is presented for as many of the six prior years as information according to disclosure parameters is available. Information for these years is not available.

Notes to the Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of April 30 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 23 years; the asset valuation method was a market value method; and the significant actuarial assumptions were an investment rate of return at 7.0%, a projected salary increases assumption of 5.5%, compounded annually, including a 3.0% inflation factor, and cost-of-living adjustments of 3.0%, compounded annually.

See independent auditor's report.

**Village of Round Lake Park, Illinois
Fiduciary Funds
Police Pension Fund
Required Supplementary Information
Employer Contributions - Private Actuary
April 30, 2014**

| Fiscal Year Ended April 30 | Employer Contributions | Annual Required Contribution | Percent Contributed |
|---|-----------------------------------|---|--------------------------------|
| 2009 | 138,953 | N/A | N/A |
| 2010 | 114,213 | N/A | N/A |
| 2011 | 165,354 | N/A | N/A |
| 2012 | 183,883 | N/A | N/A |
| 2013 | 197,364 | 375,449 | 52.57% |
| 2014 | 204,474 | 424,482 | 48.17% |

N/A - Information is presented for as many of the six prior years as information according to disclosure parameters is available. Information for these years is not available.

Notes to the Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of April 30 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the asset valuation method was a market value method.

The 2012 valuation was completed by Lauterbach and Amen, LLP, using an amortization period to be 100% funded by 2040; and the significant actuarial assumptions were an investment rate of return at 5.5%, compounded annually, a projected salary increases assumption of 5.5%, including a 3.0% inflation factor, and cost-of-living adjustments of 3.0%, compounded annually.

See independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND**

Village of Round Lake Park, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended April 30, 2014

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------------------|---------------------|------------------------------------|
| Revenues: | | | |
| Property taxes | \$ 500,343 | \$ 483,308 | \$ (17,035) |
| Other taxes | 925,000 | 665,627 | (259,373) |
| Intergovernmental | 916,000 | 756,007 | (159,993) |
| Licenses and permits | 200,000 | 176,861 | (23,139) |
| Charges for services | 9,310 | 5,333 | (3,977) |
| Fines and forfeitures | 369,653 | 292,133 | (77,520) |
| Grants and donations | 100,000 | 186,102 | 86,102 |
| Interest | - | 88 | 88 |
| Miscellaneous | 200,000 | 28,882 | (171,118) |
| Total revenues | <u>3,220,306</u> | <u>2,594,341</u> | <u>(625,965)</u> |
| Expenditures: | | | |
| General government | 1,330,185 | 294,539 | 1,035,646 |
| Public safety | 2,918,685 | 1,791,854 | 1,126,831 |
| Public works | 719,000 | 228,374 | 490,626 |
| Capital Outlay | 88,000 | 122,706 | (34,706) |
| Debt service | 50,000 | 40,304 | 9,696 |
| Total expenditures | <u>5,105,870</u> | <u>2,477,777</u> | <u>2,628,093</u> |
| Revenues over (under) expenditures | (1,885,564) | 116,564 | 2,002,128 |
| Other Financing Sources (Uses) | | | |
| Proceeds from Capital Leases | - | 96,432 | 96,432 |
| Net changes in fund balance | <u>\$ (1,885,564)</u> | 212,996 | <u>\$ 2,098,560</u> |
| Fund balance, beginning of the year | | <u>1,044,952</u> | |
| Fund balance, end of the year | | <u>\$ 1,257,948</u> | |

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

| | Special Revenue Funds | | | | | | | Totals |
|---|-----------------------|---------------------|----------------------|--------------------------|------------------|-----------------------|-------------------|-------------------|
| | Retirements Fund | Motor Fuel Tax Fund | Road and Bridge Fund | Liability Insurance Fund | Audit Fund | Capital Projects Fund | Debt Service Fund | |
| ASSETS | | | | | | | | |
| Cash | \$ - | \$ 191,869 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 191,869 |
| Receivables - property taxes, net | 18,950 | - | 4,448 | 97,712 | 15,989 | - | - | 137,099 |
| Receivables - other taxes | - | 13,836 | - | - | - | - | - | 13,836 |
| Due from other funds | 129,947 | 6,224 | - | - | - | - | 33,476 | 169,647 |
| TOTAL ASSETS | \$ 148,897 | \$ 211,929 | \$ 4,448 | \$ 97,712 | \$ 15,989 | \$ - | \$ 33,476 | \$ 512,451 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Due to other funds | \$ - | \$ - | \$ 11,896 | \$ 8,375 | \$ 265 | \$ 191,559 | \$ - | \$ 212,095 |
| Total Liabilities | - | - | 11,896 | 8,375 | 265 | 191,559 | - | 212,095 |
| Deferred Inflows of Resources: | | | | | | | | |
| Deferred property taxes | \$ 18,950 | \$ - | \$ 4,448 | \$ 97,712 | \$ 15,989 | \$ - | \$ - | \$ 137,099 |
| Total deferred inflows of resources | 18,950 | - | 4,448 | 97,712 | 15,989 | - | - | 137,099 |
| Fund balances (deficit): | | | | | | | | |
| Unassigned: | | | | | | | | |
| Reported in debt service funds | - | - | - | - | - | - | 33,476 | 33,476 |
| Reported in special revenue funds | 129,947 | 211,929 | (11,896) | (8,375) | (265) | (191,559) | - | 129,781 |
| TOTAL FUND BALANCES (DEFICIT) | 129,947 | 211,929 | (11,896) | (8,375) | (265) | (191,559) | 33,476 | 163,257 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES | \$ 148,897 | \$ 211,929 | \$ 4,448 | \$ 97,712 | \$ 15,989 | \$ - | \$ 33,476 | \$ 512,451 |

See independent auditor's report.

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

| | Special Revenue Funds | | | | | | | Totals |
|--|-----------------------|---------------------|----------------------|--------------------------|---------------|-----------------------|-------------------|-----------------|
| | Retirements Fund | Motor Fuel Tax Fund | Road and Bridge Fund | Liability Insurance Fund | Audit Fund | Capital Projects Fund | Debt Service Fund | |
| Revenues: | | | | | | | | |
| Property taxes | \$ 17,890 | \$ - | \$ 4,148 | \$ 95,410 | \$ 15,902 | \$ - | \$ - | \$ 133,350 |
| Other taxes | | 220,285 | 460 | | | | | 220,745 |
| Refunds | | | | 31,435 | | | | 31,435 |
| Interest | | 114 | | | | | | 114 |
| Total revenues | 17,890 | 220,399 | 4,608 | 126,845 | 15,902 | - | - | 385,644 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 65,541 | | | 151,754 | 14,000 | | | 231,295 |
| Public works | | 55,532 | | | | | | 55,532 |
| Capital Outlay | | 163,365 | | | | | | 163,365 |
| Total expenditures | 65,541 | 218,897 | - | 151,754 | 14,000 | - | - | 450,192 |
| Net changes in fund balances (deficit) | (47,651) | 1,502 | 4,608 | (24,909) | 1,902 | - | - | (64,548) |
| Fund balances (deficit), beginning of the year | 177,598 | 210,427 | (16,504) | 16,534 | (2,167) | (191,559) | 33,476 | 227,805 |
| Fund balances (deficit), end of the year | \$ 129,947 | \$ 211,929 | \$ (11,896) | \$ (8,375) | \$ (265) | \$ (191,559) | \$ 33,476 | \$ 163,257 |

See independent auditor's report.

BUDGETARY COMPARISON SCHEDULES – GENERAL FUND

Village of Round Lake Park, Illinois
Detailed Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended April 30, 2014

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|-------------------------------------|---------------------------------|---------------------|------------------------------------|
| Property taxes | \$ 500,343 | \$ 483,308 | \$ (17,035) |
| Other taxes: | | | |
| Sales taxes | 450,000 | 275,400 | (174,600) |
| Pull Tabs & Video Gaming Tax | 50,000 | 9,546 | (40,454) |
| Utility taxes | 425,000 | 380,681 | (44,319) |
| Total other taxes | 925,000 | 665,627 | (259,373) |
| Intergovernmental: | | | |
| Income taxes | 850,000 | 570,937 | (279,063) |
| Use taxes | - | 120,680 | 120,680 |
| Replacement taxes | 6,000 | 4,390 | (1,610) |
| Landfill agreement | 60,000 | 60,000 | - |
| Total intergovernmental | 916,000 | 756,007 | (159,993) |
| Licenses and permits: | | | |
| Vehicle licenses | - | 26,648 | 26,648 |
| Truck licenses | - | 17,677 | 17,677 |
| Business licenses | 200,000 | 13,300 | (186,700) |
| Building permits | - | 40,106 | 40,106 |
| Occupancy permits | - | 18,785 | 18,785 |
| Tower rental fees | - | 22,562 | 22,562 |
| Other permits and fees | - | 545 | 545 |
| Franchise fees | - | 37,238 | 37,238 |
| Total licenses and permits | 200,000 | 176,861 | (23,139) |
| Grants and donations | 100,000 | 186,102 | 86,102 |
| Charges for services - garbage | 9,310 | 5,333 | (3,977) |
| Fines and forfeitures: | | | |
| Court fines | 369,653 | 185,210 | (184,443) |
| Ordinance violations | - | 58,398 | 58,398 |
| Tow fees | - | 39,360 | 39,360 |
| Adjudication fines | - | 9,165 | 9,165 |
| Total fines and forfeitures | 369,653 | 292,133 | (77,520) |
| Investment income - interest earned | - | 88 | 88 |
| Miscellaneous revenue | 200,000 | 28,882 | (171,118) |
| Total revenues | \$ 3,220,306 | \$ 2,594,341 | \$ (625,965) |

See independent auditor's report.

Village of Round Lake Park, Illinois
Detailed Schedule of Expenditures - Budget and Actual
General Fund
For the Year Ended April 30, 2014

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------------------|---------------------|------------------------------------|
| General government: | | | |
| Administration: | | | |
| Salaries | \$ 75,000 | \$ 34,554 | \$ 40,446 |
| Fringe benefits | 15,000 | 13,365 | 1,635 |
| Contractual services | 997,100 | 128,672 | 868,428 |
| Commodities | 17,000 | 13,004 | 3,996 |
| Utilities | 35,000 | 20,241 | 14,759 |
| Other expenditures | 10,000 | - | 10,000 |
| Debt service | - | 8,400 | (8,400) |
| Capital expenditures | 8,000 | - | 8,000 |
| Total administration | 1,157,100 | 218,236 | 938,864 |
| Legislative: | | | |
| Salaries | 55,000 | 46,980 | 8,020 |
| Contractual services | 5,000 | 1,849 | 3,151 |
| Total legislative | 60,000 | 48,829 | 11,171 |
| Building: | | | |
| Contractual services | 50,525 | 35,514 | 15,011 |
| Commodities | 1,550 | 170 | 1,380 |
| Utilities | 800 | - | 800 |
| Total building | 52,875 | 35,684 | 17,191 |
| Planning and zoning - contractual services | 68,210 | 190 | 68,020 |
| Total general government | 1,338,185 | 302,939 | 1,035,246 |
| Public safety: | | | |
| Police department: | | | |
| Salaries | 1,550,000 | 1,083,970 | 466,030 |
| Fringe benefits | 780,000 | 111,876 | 668,124 |
| Contractual services | 422,660 | 487,219 | (64,559) |
| Commodities | 138,000 | 92,779 | 45,221 |
| Utilities | 18,000 | 16,010 | 1,990 |
| Capital Outlay | 80,000 | 122,706 | (42,706) |
| Debt service | 15,000 | 17,566 | (2,566) |
| Total police department | 3,003,660 | 1,932,126 | 1,071,534 |
| Police commission - contractual services | 10,025 | - | 10,025 |
| Total public safety | 3,013,685 | 1,932,126 | 1,081,559 |
| Public works: | | | |
| Salaries | 223,000 | 137,810 | 85,190 |
| Fringe benefits | 57,000 | 20,262 | 36,738 |
| Contractual services | 41,000 | 24,762 | 16,238 |
| Commodities | 325,000 | 28,039 | 296,961 |
| Utilities | 44,000 | 7,092 | 36,908 |
| Debt service | 35,000 | 14,338 | 20,662 |
| Park District contract | 29,000 | 10,409 | 18,591 |
| Garbage removal contract | - | - | - |
| Total public works | 754,000 | 242,712 | 511,288 |
| Total expenditures | \$ 5,105,870 | \$ 2,477,777 | \$ 2,628,093 |

See independent auditor's report.

**BUDGETARY COMPARISON SCHEDULES – OTHER MAJOR AND
NON-MAJOR GOVERNMENTAL FUNDS**

MAJOR FUNDS

Village of Round Lake Park, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Downtown Redevelopment Fund
For the Year Ended April 30, 2014

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------------------|---------------------|------------------------------------|
| Revenues: | | | |
| Property taxes | \$ 165,636 | \$ 159,679 | \$ (5,957) |
| Grants | - | 30,286 | 30,286 |
| Interest | - | - | - |
| Total revenues | <u>165,636</u> | <u>189,965</u> | <u>24,329</u> |
| Expenditures: | | | |
| Downtown redevelopment - contractual services | 40,500 | - | 40,500 |
| capital outlay | 950,000 | 64,117 | 885,883 |
| Debt service: | | | |
| Principal | - | 60,000 | (60,000) |
| Interest | - | 94,005 | (94,005) |
| Total expenditures | <u>990,500</u> | <u>218,122</u> | <u>772,378</u> |
| Net changes in fund balance | <u>\$ (824,864)</u> | <u>(28,157)</u> | <u>\$ 796,707</u> |
| Fund balance, beginning of the year | | <u>1,104,637</u> | |
| Fund balance, end of the year | | <u>\$ 1,076,480</u> | |

See independent auditor's report.

NON-MAJOR FUNDS

Village of Round Lake Park, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Audit Fund
For the Year Ended April 30, 2014

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------------------|-----------------|------------------------------------|
| Revenues - locally levied taxes - property taxes | \$ 16,496 | \$ 15,902 | \$ (594) |
| Expenditures - general government - contractual services - audit fees | <u>20,000</u> | <u>14,000</u> | <u>6,000</u> |
| Net changes in fund balance | <u>\$ (3,504)</u> | 1,902 | <u>\$ 5,406</u> |
| Fund balance, beginning of the year | | <u>(2,167)</u> | |
| Fund balance, end of the year | | <u>\$ (265)</u> | |

See independent auditor's report.

Village of Round Lake Park, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Liability Insurance Fund
For the Year Ended April 30, 2014

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------------------|--------------------------|------------------------------------|
| Revenues - locally levied taxes - property taxes | \$ 98,968 | \$ 95,410 | \$ (3,558) |
| refunds | - | 31,435 | 31,435 |
| | <u>\$ 98,968</u> | <u>\$ 126,845</u> | <u>\$ 27,877</u> |
| Expenditures - general government - contractual services - liability insurance | <u>175,000</u> | <u>151,754</u> | <u>23,246</u> |
| Net changes in fund balance | <u><u>\$ (76,032)</u></u> | <u><u>(24,909)</u></u> | <u><u>\$ 19,688</u></u> |
| Fund balance, beginning of the year | | <u>16,534</u> | |
| Fund balance, end of the year | | <u><u>\$ (8,375)</u></u> | |

See independent auditor's report.

Village of Round Lake Park, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Motor Fuel Tax Fund
For the Year Ended April 30, 2014

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|--|-------------------|---|
| Revenues: | | | |
| Intergovernmental - motor fuel tax allotments | \$ 275,000 | \$ 220,285 | \$ (54,715) |
| Investment income - interest earned | - | 114 | 114 |
| Total revenues | <u>275,000</u> | <u>220,399</u> | <u>(54,601)</u> |
| Expenditures - highways and streets | | | |
| Contractual services | 18,000 | 6,040 | 11,960 |
| Commodities | 97,950 | 49,492 | 48,458 |
| Capital Outlay | <u>300,000</u> | <u>163,365</u> | <u>136,635</u> |
| Total expenditures | <u>415,950</u> | <u>218,897</u> | <u>197,053</u> |
| Net changes in fund balance | <u>\$ (140,950)</u> | 1,502 | <u>\$ 142,452</u> |
| Fund balance, beginning of the year | | <u>210,427</u> | |
| Fund balance, end of the year | | <u>\$ 211,929</u> | |

See independent auditor's report.

Village of Round Lake Park, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Retirements Fund
For the Year Ended April 30, 2014

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|--|-------------------|---|
| Revenues: | | | |
| Locally levied taxes - property taxes | \$ 18,557 | \$ 17,890 | \$ (667) |
| Total revenues | <u>18,557</u> | <u>17,890</u> | <u>(667)</u> |
| Expenditures - general government - fringe benefits: | | | |
| Social Security and Medicare | 62,000 | 43,728 | 18,272 |
| IMRF | <u>45,000</u> | <u>21,813</u> | <u>23,187</u> |
| Total expenditures | <u>107,000</u> | <u>65,541</u> | <u>41,459</u> |
| Net changes in fund balance | <u>\$ (88,443)</u> | <u>(47,651)</u> | <u>\$ 40,792</u> |
| Fund balance, beginning of the year | | <u>177,598</u> | |
| Fund balance, end of the year | | <u>\$ 129,947</u> | |

See independent auditor's report.

Village of Round Lake Park, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balance (Deficit) - Budget and Actual
Road and Bridge Fund
For the Year Ended April 30, 2014

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------------------|--------------------|------------------------------------|
| Revenues - locally levied taxes - | | | |
| property taxes | \$ - | \$ 4,148 | \$ 4,148 |
| replacement taxes | | 460 | \$ 460 |
| | <u>-</u> | <u>4,608</u> | <u>4,608</u> |
| Expenditures - highways and streets | | | |
| Commodities | 4,500 | - | 4,500 |
| Net changes in fund balance (deficit) | <u>\$ (4,500)</u> | 4,608 | <u>\$ 4,148</u> |
| Fund balance (deficit), beginning of the year | | <u>(16,504)</u> | |
| Fund balance (deficit), end of the year | | <u>\$ (11,896)</u> | |

See independent auditor's report.

BUDGETARY COMPARISON SCHEDULE – PROPRIETARY FUND

Village of Round Lake Park, Illinois
Schedule of Revenues, Expenses, and Changes in
Net Position - Budget and Actual
Water / Sewer Fund
For the Year Ended April 30, 2014

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------------------|---------------------|------------------------------------|
| Operating Revenues: | | | |
| Charges for services | \$ 1,325,000 | \$ 1,127,008 | \$ (197,992) |
| Fines and forfeitures | - | 23,872 | 23,872 |
| Total operating revenues | <u>1,325,000</u> | <u>1,150,880</u> | <u>(174,120)</u> |
| Operating Expenditures: | | | |
| Salaries | 294,000 | 152,047 | 141,953 |
| Employee benefits | 90,310 | 40,823 | 49,487 |
| Contractual services | 570,860 | 304,491 | 266,369 |
| Commodities | 608,545 | 318,799 | 289,746 |
| Insurance | 57,000 | 34,435 | 22,565 |
| Debt service | 101,805 | - | 101,805 |
| Utilities | 35,000 | 36,995 | (1,995) |
| Other expenditures | 604,000 | - | 604,000 |
| Depreciation | 235,000 | 230,857 | 4,143 |
| Total operating expenses | <u>2,596,520</u> | <u>1,118,447</u> | <u>1,478,073</u> |
| Net operating loss | <u>(1,271,520)</u> | <u>32,433</u> | <u>1,303,953</u> |
| Nonoperating revenue (expense): | | | |
| Interest expense | - | (6,224) | (6,224) |
| Total nonoperating revenue (expense) | <u>-</u> | <u>(6,224)</u> | <u>(6,224)</u> |
| Changes in net position | <u>\$ (1,271,520)</u> | <u>26,209</u> | <u>\$ 1,297,729</u> |
| Net position, beginning of the year | | <u>2,595,693</u> | |
| Net position, end of the year | | <u>\$ 2,621,902</u> | |

See independent auditor's report.