

# Village of Hainesville, Illinois

## Annual Financial Report

April 30, 2015

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# VILLAGE OF HAINESVILLE, ILLINOIS

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**INDEPENDENT AUDITOR'S REPORT**

## Independent Auditor's Report

Board of Trustees  
Village of Hainesville, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information for the Village of Hainesville, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinion**

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

## **Emphasis of Matter**

The April 30, 2014 financial statements, before they were restated for the matter discussed in Note 12, were audited by other auditors and their report thereon, dated September 18, 2014, expressed an unmodified opinion. Our opinions are not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and analysis of funding progress and employer contributions for the Village's defined contribution pension plan on pages 4-13 and 42 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 response 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 Hainesville, Illinois' basic financial statements. The combining and individual fund financial statements and schedules and the supplemental information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules on pages 43-59 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplemental information on pages 55 and 56 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*BKD, LLP*

Oakbrook Terrace, Illinois  
December 22, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**VILLAGE OF HAINESVILLE, ILLINOIS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**April 30, 2015**

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The Village of Hainesville’s (the “Village”) Management’s Discussion and Analysis (“MD&A”) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village’s financial activity, (3) identify changes in the Village’s financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Village’s financial statements.

**Financial Highlights**

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$16,928,643 (*net position*). Of this amount, \$3,218,789 (*unrestricted net position*) may be used to meet the Village’s ongoing obligations to citizens and creditors.
- The Village’s total net position decreased by \$421,557. This includes the systematic and planned consumption of the Village’s capital assets that is quantified as depreciation expense. Total depreciation expense for the year was \$317,679.
- As of the close of the current fiscal year, the Village’s governmental funds reported combined fund balances of \$2,706,817. Of this amount, \$2,034,078 is available for spending at the Village’s discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the fund balance of the General Corporate Fund was \$2,116,532 or 94% of total General Fund expenditures during the current year.
- The Village’s total debt decreased by \$158,652 during the current fiscal year. The prior year debt of \$676,593 was decreased by payments of outstanding principal, including an additional \$90,000 payment on the Bank Note Payable.

**USING THE FINANCIAL SECTION OF THE COMPREHENSIVE ANNUAL REPORT**

The financial statements’ focus is on both the Village as a whole (government-wide) and on the major and nonmajor individual funds. The perspectives (government-wide, major fund and nonmajor funds) allow the user to address relevant questions, broaden the basis for comparison (year-to-year or government-to-government) and enhance the Village’s accountability.

**VILLAGE OF HAINESVILLE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

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**Government-Wide Financial Statements**

The government-wide financial statements (see pages 14 to 16) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (see page 14) is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see pages 15 and 16) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflect the Village's basic services, including public safety, public works and administration. Property taxes, shared state sales and income taxes, and local utility and franchise taxes finance the majority of these services. The Business-type Activities reflect private sector type operations (Water and Sewer), where the fee for service typically covers all or most of the cost of operation, including depreciation.

**Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation familiar. The focus is on Major Funds, rather than fund types.

The Governmental Funds Statements (see pages 17 to 21) are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the Budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

While the totals of the Proprietary Fund Financial Statements (see pages 22 to 24) are the same as the Business-type column on the Government-wide Financial Statement, the Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 18 and 20). The flow of current financial resources will reflect loan proceeds and interfund transfers as other financing sources as well as capital expenditures and loan principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the government-wide statements).

**VILLAGE OF HAINESVILLE, ILLINOIS  
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)**

**FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

The following table reflects the condensed Statement of Net Position:

**Table 1: Statement of Net Position  
April 30, 2014 and 2013  
(in thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and Other Assets	\$ 3,259.9	3,805.0	710.5	531.7	3,970.4	4,336.7
Capital Assets	6,838.9	6,991.2	7,228.5	7,355.1	14,067.4	14,346.3
Total Assets	10,098.8	10,796.2	7,939.0	7,886.8	18,037.8	18,683.0
<b>Liabilities</b>						
Current Liabilities	359.9	117.0	44.0	82.9	403.9	199.9
Other Liabilities		377.5	267.4	280.2	267.4	657.7
Total Liabilities	359.9	494.5	311.4	363.1	671.3	857.6
Deferred Inflows	437.9	475.3			437.9	475.3
<b>Net Position</b>						
Net Investment in Capital Assets Restricted for Maintenance of Roadways	6,553.3	6,558.0	6,996.1	7,111.6	13,549.4	13,669.6
Restricted for Capital Projects	160.4	248.7			160.4	248.7
Unrestricted	2,587.3	2,728.3	631.5	412.1	3,218.8	3,140.4
Total Net Position	\$ 9,301.0	9,826.4	7,627.6	7,523.7	16,928.6	17,350.1

For more detailed information, see the Statement of Net Position (page 14).

The largest portion of the Village’s net position (80%) reflects an investment in capital assets (e.g., land, buildings, equipment, improvements and construction in progress), less any depreciation and outstanding debt used to acquire those assets. The Village uses these capital assets to provide service to citizens; consequently, these assets are not available for spending. The second largest portion (19%) is unrestricted net position. Although the Village’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining net position (1%) is restricted for maintenance of roadways and capital projects.

**VILLAGE OF HAINESVILLE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

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**Normal Impacts**

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

**Net Results of Activities** – which will impact (increase/decrease) current assets and unrestricted net position.

**Borrowing for Capital Assets** – which will increase current assets and long-term debt.

**Spending Borrowed Proceeds on New Capital Assets** – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested capital assets and an increase in related net debt, which will not change the invested in capital assets, net of debt.

**Spending of Non-borrowed Current Assets on New Capital Assets** – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

**Principal Payment on Debt** – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

**Reduction of Capital Assets through Depreciation** – which will reduce capital assets and investment in capital assets, net of debt.

**Current Year Impacts**

The Village's \$421,557 decrease in combined net position (which is the Village's bottom line) was the result of the governmental activities net position decreasing by \$525,396 and the business-type activities net position increasing by \$103,839. The General Fund balance decreased by \$580,086. The decrease was an intentional spending down of the General Fund to complete Village-wide improvements, reduce outstanding debt and to add funds to the Capital Reserve. Road resurfacing took place for a few streets in the general Village as well as the entire Cranberry Lake Subdivision. The cost including engineering fees was approximately \$388,000. The Village was able to pay an additional \$90,000 to reduce the Public Works Building loan and the 5-year street maintenance plan was updated for \$18,800. A transfer of \$85,812 went into the Capital Reserve. The Motor Fuel Tax Fund decrease was \$88,283 due to the offset of monthly allotments and a \$200,000 expenditure for the road resurfacing program. The Capital Project Funds, combined, increased \$122,738, as these funds which were created in the prior year received transfer for future expenditures.

The net position of the Village is generally not restricted. The balance of unrestricted net position, \$3,218,789, may be used to meet the Village's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**VILLAGE OF HAINESVILLE, ILLINOIS  
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)**

**Changes in Net Position**

The following chart shows the revenue and expenses of the governmental and business-type activities.

**Table 2: Statement of Changes in Net Position  
Fiscal Years Ended April 30, 2015 and 2014  
(in thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 83.2	59.5	906.1	903.7	989.3	963.2
Operating Grants and Contributions	214.7	103.8			214.7	103.8
General Revenues:						
Property Taxes	476.8	492.0			476.8	492.0
Utility Taxes	112.8	114.9			112.8	114.9
Franchise Taxes	245.0	235.2			245.0	235.2
Income Taxes	371.5	342.4			371.5	342.4
Sales Taxes	386.3	359.2			386.3	359.2
Other Taxes	0.5	0.5			0.5	0.5
Investment Income	0.3	0.5			0.3	0.5
<b>Total Revenues</b>	<b>1,891.1</b>	<b>1,708.0</b>	<b>906.1</b>	<b>903.7</b>	<b>2,797.2</b>	<b>2,611.7</b>
<b>Expenses</b>						
General Government	547.7	557.4			547.7	557.4
Public Safety	807.9	783.5			807.9	783.5
Public Works	1,078.0	485.6			1,078.0	485.6
Interest on Long-Term Debt	19.8	24.9			19.8	24.9
Water & Sewer			606.7	937.6	606.7	937.6
Streets & Sanitation			158.7	157.4	158.7	157.4
<b>Total Expenses</b>	<b>2,453.4</b>	<b>1,851.4</b>	<b>765.4</b>	<b>1,095.0</b>	<b>3,218.8</b>	<b>2,946.4</b>
<b>Change in Net Position</b>						
Before Transfers	(562.3)	(143.4)	140.7	(191.3)	(421.6)	(334.7)
Transfers	36.9	374.7	(36.9)	(374.7)		
<b>Change in Net Position</b>	<b>(525.4)</b>	<b>231.3</b>	<b>103.8</b>	<b>(566.0)</b>	<b>(421.6)</b>	<b>(334.7)</b>
<b>Net Position,</b>						
Beginning Restated	9,826.4	9,595.1	7,523.8	8,089.8	17,350.2	17,684.9
<b>Net Position, Ending</b>	<b>\$ 9,301.0</b>	<b>9,826.4</b>	<b>7,627.6</b>	<b>7,523.8</b>	<b>16,928.6</b>	<b>17,350.2</b>

**Increase/Decrease in Village Approved Rates** – While certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fees, building fees, etc.)

**VILLAGE OF HAINESVILLE, ILLINOIS  
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)**

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There are eight basic impacts on revenues and expenses as reflected below.

**Normal Impacts**

**Revenues:**

**Economic Condition** – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

**Increase/Decrease in Village Board Approved Rates** – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fee, building fees, etc.)

**Changing Patterns in Intergovernmental and Grant Revenue** (both recurring and non-recurring) such as certain recurring revenues (state-shared revenue, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

**Market Impacts on Investment Income** – Market conditions may cause investment income to fluctuate.

**Expenses:**

**Introduction of New Programs** – Within the functional expenditure categories (Public Safety, Public Works, General Government, etc.), individual programs may be added or deleted to meet changing community needs.

**Increase in Authorized Personnel** – Changes in service demand may cause the Village to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the most significant of the Village’s operating costs.

**Salary Increases** (annual adjustments/merit) – The ability to attract and retain (employees) resources requires the Village to strive to approach a competitive salary structure in the marketplace.

**Inflation** – While overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and repair parts. Some functions may experience commodity specific increases.

**VILLAGE OF HAINESVILLE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

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**Current Year Impacts**

*Governmental Activities*

**Revenue:**

For the fiscal year ended April 30, 2015, revenues from the governmental activities totaled \$1,891,093. Property tax revenues are the Village's largest revenue source, coming in at \$476,833 with state income tax of \$371,550 and sales and use tax receipts of \$386,286. Franchise and utility taxes are \$244,978 and \$112,762, respectively.

**Expenses:**

For the fiscal year ended April 30, 2015, expenses for governmental activities totaled \$2,453,415.

*Business-type Activities*

**Revenue:**

For the fiscal year ended April 30, 2015, revenues from the business-type activities totaled \$906,128.

The major revenue source is Charges for Services to operate the Public Works Funds, which include Water and Sewer and Sanitation Services for residents.

**Expenses:**

For the fiscal year ended April 30, 2015, expenses for business-type activities totaled \$765,361 including depreciation and amortization of \$141,565.

The Public Works Fund follows the same strict spending guidelines imposed on the Governmental Funds.

**VILLAGE OF HAINESVILLE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

**Governmental Funds**

At April 30, 2015, the governmental funds (as presented on the Balance Sheet on page 16) reported a combined fund balance of \$2,706,817.

**General Fund Budgetary Highlights**

The 2015 fiscal year budget, as originally approved by the Village Board, was not amended during the current year. Below is a table that reflects the original and actual revenues and expenditures for the General Fund.

**Table 3: General Fund Budgetary Highlights  
Fiscal Year Ended April 30, 2015  
(in thousands)**

	Original/Final Budget	Actual
Revenues		
Taxes	\$ 814.6	814.1
Intergovernmental	707.1	748.0
Other	136.7	186.5
Total	<u>1,658.4</u>	<u>1,748.6</u>
Expenditures		
General Government	494.2	483.0
Public Safety	813.3	807.9
Public Works	893.5	711.0
Debt Service	168.0	167.4
Capital Outlay	61.5	73.6
Total	<u>2,430.5</u>	<u>2,242.9</u>
Excess (Deficiency) of Revenues over Expenditures	(772.1)	(494.3)
Transfers Out	<u>(85.8)</u>	<u>(85.8)</u>
Net Change in Fund Balance	<u>\$ (857.9)</u>	<u>(580.1)</u>

The General Fund's actual revenues were over budget by \$90,177 (5.4%), while actual expenditures were \$187,646 (7.7%) less than the budgeted amount. Intergovernmental revenues received were over budget by \$40,908 (5.8%); property taxes were under by \$473 (-0%). The General Fund budgeted expenditure variances were primarily comprised of new street light fixtures and installation that was to take place in the fiscal year and was performed shortly into the next fiscal year; this amount was \$83,000. The other variances were made up of spending reductions in the General Government.



**VILLAGE OF HAINESVILLE, ILLINOIS  
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)**

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**Capital Assets**

At the end of Fiscal Year 2015, the Village had a combined total of capital assets of \$14,067.4 thousand invested in a broad range of capital assets including land, buildings, vehicles, water mains, storm sewers and sanitary sewer lines. (See Table 4 below).

**Table 4: Schedule of Capital Assets  
April 30, 2015  
(in thousands)**

	Governmental Activities	Business-type Activities	Total
Land	\$ 3,919.4	178.6	4,098.0
Buildings and Improvements	1,421.3		1,421.3
Land Improvements	243.3		243.3
Office Furniture and Equipment	26.2		26.2
Other Assets	82.3	64.8	147.1
Infrastructure	1,146.4		1,146.4
Water and Sewer System		5,188.6	5,188.6
Storm System		1,796.5	1,796.5
	<u>\$ 6,838.9</u>	<u>7,228.5</u>	<u>14,067.4</u>

**Table 5: Change in Capital Assets  
(in thousands)**

	Governmental Activities	Business-type Activities	Total
Beginning Balance, net	\$ 6,991.2	7,355.1	14,346.3
Disposals			
Depreciable Assets	(11.0)		(11.0)
Additions	34.8	15.0	49.8
Depreciation Expense	(176.1)	(141.6)	(317.7)
Ending Balance	<u>\$ 6,838.9</u>	<u>7,228.5</u>	<u>14,067.4</u>

See Note 3 for additional information of the Village’s capital assets.

**VILLAGE OF HAINESVILLE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

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**Debt Outstanding**

The Village of Hainesville had total long-term debt and loans payable of \$517,941 as of April 30, 2015. Long-term debt is comprised of a bank note payable and an IEPA loan. During the year, \$158,652 of long-term debt was paid down, including additional principal of \$90,000 paid on the bank note.

The Public Works Facility bank loan matures January 1, 2016. This property is being used as a Public Works Facility and houses Public Works trucks and equipment. The loan will be re-financed. The IEPA loan is for the installation of the Route 120 Watermain Extension Project and the North Street/Hainesville Road Watermain Extension Project.

Additional information on the Village's long-term bonded debt can be found in the Note 4 to the basic financial statements.

**Economic Factors**

During fiscal year 2015, the Village Board continued to control spending and continued to spend down the unrestricted money for improvements throughout the Village. There has also been an increase in revenues of the state taxes based on the census. The Village is currently working on the budget for fiscal year 2016-17 and will be carefully reviewing and taking in consideration the situation with the State of Illinois budget.

**CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Kelly Hensley, Village Treasurer, Village of Hainesville, 100 North Hainesville Road, Hainesville, IL 60030.

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF HAINESVILLE, ILLINOIS**

Statement of Net Position  
April 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 2,562,789	582,365	3,145,154
Receivables			
Property Taxes	437,871		437,871
Other Taxes	236,172		236,172
Customer Accounts	23,049	128,162	151,211
Total Current Assets	<u>3,259,881</u>	<u>710,527</u>	<u>3,970,408</u>
Capital Assets			
Land	3,919,359	178,580	4,097,939
Other Capital Assets, Net of Depreciation	2,919,553	7,049,877	9,969,430
Total Capital Assets	<u>6,838,912</u>	<u>7,228,457</u>	<u>14,067,369</u>
Total Assets	<u>10,098,793</u>	<u>7,938,984</u>	<u>18,037,777</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable and Accrued Expenses	49,555	32,644	82,199
Deferred Revenue	20,306		20,306
Compensated Absences Payable	4,452		4,452
Current Portion of Long-Term Debt			
Note Payable - Bank	285,575		285,575
IEPA Loan		11,317	11,317
Total Current Liabilities	<u>359,888</u>	<u>43,961</u>	<u>403,849</u>
Noncurrent Liabilities			
IEPA Loan		221,049	221,049
Special Customer Credit		46,365	46,365
Total Noncurrent Liabilities	<u>-</u>	<u>267,414</u>	<u>267,414</u>
Total Liabilities	<u>359,888</u>	<u>311,375</u>	<u>671,263</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Property Taxes	437,871		437,871
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,553,337	6,996,091	13,549,428
Restricted for Maintenance of Roadways	160,426		160,426
Unrestricted	2,587,271	631,518	3,218,789
Total Net Position	<u>\$ 9,301,034</u>	<u>7,627,609</u>	<u>16,928,643</u>

**VILLAGE OF HAINESVILLE, ILLINOIS**

Statement of Activities  
For the Year Ended April 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Governmental Activities</b>			
General Government	\$ 547,696	83,228	102,950
Public Safety	807,950		
Public Works	1,077,969		111,717
Interest on Long-Term Debt	19,800		
Total Governmental Activities	<u>2,453,415</u>	<u>83,228</u>	<u>214,667</u>
<b>Business-Type Activities</b>			
Water & Sewer	606,658	739,957	
Streets & Sanitation	158,703	166,161	
Total Business-Type Activities	<u>765,361</u>	<u>906,118</u>	<u>-</u>
Total	<u>\$ 3,218,776</u>	<u>989,346</u>	<u>214,667</u>

General Revenues  
 Taxes  
   Property  
   Utility  
   Franchise  
 Intergovernmental Revenue  
 Income Tax  
 Sales and Use Taxes  
 Replacement Tax  
 Unrestricted Investment Earnings  
 Transfers  
 Total General Revenues  
 and Transfers

Change in Net Position

Net Position  
 April 30, 2014 as previously reported  
 Correction of Error (Note 12)  
 May 1, 2014 as restated  
 April 30, 2015

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(361,518)		(361,518)
(807,950)		(807,950)
(966,252)		(966,252)
(19,800)		(19,800)
(2,155,520)	-	(2,155,520)
	133,299	133,299
	7,458	7,458
-	140,757	140,757
(2,155,520)	140,757	(2,014,763)
476,833		476,833
112,762		112,762
244,978		244,978
371,550		371,550
386,286		386,286
500		500
289	8	297
36,926	(36,926)	
1,630,124	(36,918)	1,593,206
(525,396)	103,839	(421,557)
6,006,071	11,344,129	17,350,200
3,820,359	(3,820,359)	
9,826,430	7,523,770	17,350,200
9,301,034	7,627,609	16,928,643

**VILLAGE OF HAINESVILLE, ILLINOIS**

Governmental Funds

Balance Sheet  
April 30, 2015

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 1,972,504	590,285	2,562,789
Receivables			
Property Taxes	416,871	21,000	437,871
Other Taxes	236,172		236,172
Permits	23,049		23,049
<b>Total Assets</b>	<b>\$ 2,648,596</b>	<b>611,285</b>	<b>3,259,881</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 46,118		46,118
Accrued Payroll	3,437		3,437
Deferred Revenue	20,306		20,306
<b>Total Liabilities</b>	<b>69,861</b>	<b>-</b>	<b>69,861</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Property Tax Revenue	416,871	21,000	437,871
Unavailable Intergovernmental Taxes	45,332		45,332
<b>Total Deferred Inflows of Resources</b>	<b>462,203</b>	<b>21,000</b>	<b>483,203</b>
<b>Fund Balances</b>			
<b>Restricted</b>			
Maintenance of Roadways		160,426	160,426
Maintenance of Special Service Area		15,721	15,721
Committed for Capital Purposes		414,138	414,138
Assigned for Capital Purposes	82,454		82,454
Unassigned	2,034,078		2,034,078
<b>Total Fund Balances</b>	<b>2,116,532</b>	<b>590,285</b>	<b>2,706,817</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,648,596</b>	<b>611,285</b>	<b>3,259,881</b>

**VILLAGE OF HAINESVILLE, ILLINOIS**

Reconciliation of Balance Sheet of Governmental Funds  
to Statement of Net Position

April 30, 2015

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Total Fund Balances - Governmental Funds	\$ 2,706,817
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	6,838,912
Some receivables do not provide current financial resources and, therefore, are reported as deferred revenue in governmental funds. These consist of revenues collected after 60 days of year end.	45,332
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of:	
Compensated Absences Payable	(4,452)
Notes Payable	<u>(285,575)</u>
Net Position of Governmental Activities	<u>\$ 9,301,034</u>



**VILLAGE OF HAINESVILLE, ILLINOIS**

Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
Year Ended April 30, 2015

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 814,111	20,462	834,573
Intergovernmental	748,001	111,717	859,718
Fees, Licenses and Permits	54,256		54,256
Investment Income	289		289
Miscellaneous	131,922		131,922
Total Revenues	<u>1,748,579</u>	<u>132,179</u>	<u>1,880,758</u>
<b>Expenditures</b>			
<b>Current</b>			
General Government	482,959	6,450	489,409
Public Safety	807,950		807,950
Public Works	710,984		710,984
Total Current Expenditures	<u>2,001,893</u>	<u>6,450</u>	<u>2,008,343</u>
<b>Debt Service</b>			
Principal	147,591		147,591
Interest	19,800		19,800
Total Debt Service	<u>167,391</u>	<u>-</u>	<u>167,391</u>
<b>Capital Outlay</b>			
Total Expenditures	<u>73,569</u>	<u>200,000</u>	<u>273,569</u>
Total Expenditures	<u>2,242,853</u>	<u>206,450</u>	<u>2,281,912</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(494,274)</u>	<u>(74,271)</u>	<u>(568,545)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In		122,738	122,738
Transfers Out	(85,812)		(85,812)
Total Other Financing Sources (Uses)	<u>(85,812)</u>	<u>122,738</u>	<u>36,926</u>
Net Change in Fund Balance	(580,086)	48,467	(531,619)
<b>Fund Balances</b>			
May 1	<u>2,696,618</u>	<u>541,818</u>	<u>3,238,436</u>
April 30	<u>\$ 2,116,532</u>	<u>590,285</u>	<u>2,706,817</u>

**VILLAGE OF HAINESVILLE, ILLINOIS**

Reconciliation of Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to Statement of Activities

For the Year Ended April 30, 2015

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Net Change in Fund Balances - Total Governmental Funds	\$ (531,619)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital Outlays are reported as expenditures in the governmental funds, but assets acquired are reported in the Statement of Net Position.	34,768
Governmental funds do not record loss on sale of capitalized assets; however, they are an expense in the Statement of Activities.	(10,947)
Depreciation is not considered an expenditure in the governmental funds.	(176,114)
Tax revenues in the Statement of Activities that do not provide current financial resources are reported as deferred revenue in the governmental funds.	10,335
Repayment of principal on long-term debt is an expenditure in governmental funds, but reduces long-term liabilities in the Statement of Net Position.	147,591
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in Compensated Absences	<u>590</u>
Change in Net Position of Governmental Activities	<u><u>\$ (525,396)</u></u>

**VILLAGE OF HAINESVILLE, ILLINOIS**

General Fund

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2015

	Original and Final Budget	Actual	Variance from Final Budget Over (Under)
<b>Revenues</b>			
Taxes	\$ 814,584	814,111	(473)
Intergovernmental	707,093	748,001	40,908
Fees, Licenses and Permits	36,625	54,256	17,631
Interest Income	580	289	(291)
Miscellaneous	99,520	131,922	32,402
<b>Total Revenues</b>	<b>1,658,402</b>	<b>1,748,579</b>	<b>90,177</b>
<b>Expenditures</b>			
<b>General Government</b>			
Personnel	202,700	203,768	1,068
Contractual Services	221,014	207,038	(13,976)
Commodities	32,170	42,074	9,904
Capital Outlay	38,350	30,079	(8,271)
<b>Total General Government Division</b>	<b>494,234</b>	<b>482,959</b>	<b>(11,275)</b>
<b>Public Safety</b>			
<b>Emergency Management Agency</b>			
Commodities	2,650		(2,650)
Contractual Services	1,000	287	(713)
Capital Outlay	140		(140)
	<b>3,790</b>	<b>287</b>	<b>(3,503)</b>
<b>Police Protection</b>			
Contractual Services	809,400	807,663	(1,737)
<b>Public Works</b>			
Personnel	96,300	89,072	(7,228)
Contractual Services	572,450	593,123	20,673
Commodities	224,840	28,789	(196,051)
<b>Total Public Works</b>	<b>893,590</b>	<b>710,984</b>	<b>(182,606)</b>
<b>Total Current Expenditures</b>	<b>2,201,014</b>	<b>2,001,893</b>	<b>(199,121)</b>
Debt Service	168,000	167,391	(609)
Capital Outlay	61,485	73,569	12,084
<b>Total Expenditures</b>	<b>2,430,499</b>	<b>2,242,853</b>	<b>(187,646)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(772,097)</b>	<b>(494,274)</b>	<b>277,823</b>
<b>Other Financing Uses</b>			
Transfer Out	(85,812)	(85,812)	
<b>Net Change in Fund Balance</b>	<b>\$ (857,909)</b>	<b>(580,086)</b>	<b>277,823</b>
<b>Fund Balance</b>			
May 1		2,696,618	
April 30		2,116,532	

See Notes to Financial Statements

**VILLAGE OF HAINESVILLE, ILLINOIS**

Proprietary Fund - Public Works Fund

Statement of Net Position

April 30, 2015

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Assets	
Current Assets	
Cash and Cash Equivalents	\$ 582,365
Accounts Receivable	128,162
Total Current Assets	<u>710,527</u>
Noncurrent Assets	
Land	178,580
Capital Assets at Cost	9,060,162
Less Accumulated Depreciation	(2,010,285)
Total Noncurrent Assets	<u>7,228,457</u>
Total Assets	<u>7,938,984</u>
Liabilities	
Current Liabilities	
Accounts Payable	30,294
Water Deposits	2,350
Current Portion of Long-Term Debt	
IEPA Loan	11,317
Total Current Liabilities	<u>43,961</u>
Noncurrent Liabilities	
IEPA Loan	221,049
Special Customer Credit	46,365
Total Noncurrent Liabilities	<u>267,414</u>
Total Liabilities	<u>311,375</u>
Net Position	
Net Investment in Capital Assets	6,996,091
Unrestricted	631,518
Total Net Position	<u>\$ 7,627,609</u>

See Notes to Financial Statements

**VILLAGE OF HAINESVILLE, ILLINOIS**

Proprietary Fund - Public Works Fund

Statement of Revenues, Expenses,  
and Changes in Net Position  
Year Ended April 30, 2015

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Operating Revenues	
Charges for Services	\$ 906,118
Operating Expenses	
Operations	618,272
Depreciation	141,565
Total Operating Expenses	<u>759,837</u>
Operating Income	<u>146,281</u>
Nonoperating Revenues (Expenses)	
Investment Income	8
Interest Expense and Executory Costs	(5,524)
Total Nonoperating Revenues (Expenses)	<u>(5,516)</u>
Income before Transfers	140,765
Transfers	
Transfer Out to Water & Sewer Capital Fund	<u>(36,926)</u>
Change in Net Position	<u>103,839</u>
Net Position	
April 30, 2014 as previously reported	11,344,129
Restatement	<u>(3,820,359)</u>
May 1, 2014 as restated	<u>7,523,770</u>
End of Year	<u>\$ 7,627,609</u>

See Notes to Financial Statements

## VILLAGE OF HAINESVILLE, ILLINOIS

### Proprietary Fund - Public Works Fund

#### Statement of Cash Flows Year Ended April 30, 2015

Cash Flows from Operating Activities	
Receipts from Customers	\$ 902,365
Payments to Suppliers	(626,803)
Payments to Employees	(30,575)
	<u>244,987</u>
Cash Flows from Investing Activities	
Earnings on Investments	<u>8</u>
Cash Flows from Capital and Related Financing Activities	
Principal Paid on IEPA Loan	(11,061)
Acquisition of Capital Assets	(14,917)
Interest Expense and Executory Costs	(5,524)
	<u>(31,502)</u>
Cash Flows from Non-Capital and Related Financing Activities	
Transfers to Other Funds	<u>(36,926)</u>
Net Increase in Cash and Cash Equivalents	176,567
Cash and Cash Equivalents	
May 1	<u>405,798</u>
April 30	<u>\$ 582,365</u>
Reconciliation of Operating Income to Net Cash Used	
by Operating Activities	
Operating Income	\$ 146,281
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation	141,565
Changes in Assets and Liabilities	
Change in Accounts Receivable	(2,246)
Change in Current Liabilities	(39,106)
Change in Water Deposits	(50)
Change in Special Customer Credit	(1,457)
	<u>\$ 244,987</u>
Non-cash Capital Financing Activity	
Certain parcels of Land were reclassified into Governmental Activities, see Note 12.	<u>\$(3,820,359)</u>

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 1. Summary of Significant Accounting Policies

The Village of Hainesville, Illinois (Village) was organized in 1847 and operates under a President-Trustee form of government. The Village provides the following services as authorized by its governing board: police, streets and sanitation, water and sewer, public improvements, community development and general and administrative services. Police services were contracted to the Village of Grayslake in July 2010.

The accounting and reporting policies of the Village included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is described below.

#### A. Reporting Entity

The reporting entity includes the governing board and all related organizations for which the Village is financially accountable.

The Village has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the Village appoints a majority of the organization's Governing Board and is able to control the operation, and whether financial benefits are received, or financial burdens imposed.

The Village has determined that no other outside agency meets the above criteria; therefore, no other agency has been included as a component unit in the Village's financial statements.

#### B. Basis of Presentation

The Village's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

#### *Government-wide Financial Statements*

The statement of net position and the statement of activities display information about the Village as a whole. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The government-wide statement of activities reflects both the direct expenses and net cost of each function of the Village's governmental activities and business-type activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 1. Summary of Significant Accounting Policies (Cont.)

#### B. Basis of Presentation (Cont.)

##### *Government-wide Financial Statements (Cont.)*

Revenues, which are not classified as program revenues, are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Village.

##### *Fund Financial Statements*

The financial transactions of the Village are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and presented as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

#### C. Measurement Focus and Basis of Accounting

##### *Government-wide Financial Statements*

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statements of net position, and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

The Village has reported three categories of program revenues in the statement of activities: (1) charges for services, (2) program-specific operating grants and contributions, and (3) program-specific capital grants and contributions. Program revenues are derived directly from the program itself or from external sources, such as the State of Illinois; they reduce the net cost of each function to be financed from the Village's general revenues. For identifying the function to which program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Eliminations have been made in the statement of net position to remove the "grossing-up" effect on assets and liabilities within the governmental activities column for amounts reported in the individual funds as interfund receivables and payables and advances. Similarly, operating transfers between funds have been eliminated in the statement of activities.



## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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1. Summary of Significant Accounting Policies (Cont.)
  - C. Measurement Focus and Basis of Accounting (Cont.)

### *Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Taxpayer-assessed taxes, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. The Village considers all revenues available if they are collected within 60 days after year end. Due to the State of Illinois' fiscal difficulties and the resulting delay in distributing receipts to local municipalities, the 60 day availability period for state income taxes was extended in order to record twelve months of tax revenues. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. All other revenue items are considered measurable and available only when cash is received by the Village. Expenditures are recorded on an accrual basis except for expenditures for insurance and similar services extending over more than one accounting period, which are accounted for as expenditures in the period covered.

Nonexchange transactions, in which the Village receives value without directly giving equal in return, include income, sales and property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements in which the Village must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the Village on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

All proprietary funds are accounted for on a flow of economic resources measurement focus and are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Proprietary funds separate all activity into two categories: operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and noncapital financing activities and investing activities.

Differences occur from the manner in which the governmental activities and the government-wide financial statements are prepared due to the inclusion of capital asset and long-term debt activity. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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1. Summary of Significant Accounting Policies (Cont.)
  - C. Measurement Focus and Basis of Accounting (Cont.)

*Fund Financial Statements (Cont.)*

### Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Village's governmental funds:

#### **Major Fund:**

**General Fund** – The General Fund is the general operating fund of the Village. It is used to account for the revenues and expenditures used in providing services in the Village except those required to be accounted for in other funds.

#### **Nonmajor Funds:**

**Motor Fuel Tax Fund** – The Motor Fuel Tax Fund is used to account for proceeds of State Motor Fuel Tax distributions and related costs which are to be used solely for street and highway construction and maintenance.

**Special Service Area Fund** – The Special Service Area Fund is used to account for proceeds from the collection of property taxes and related costs which are to be used solely for the maintenance of the Cranberry Lake area.

**Capital Projects Reserve Fund** – The Capital Projects Reserve Fund is used to account for costs which are solely for capital expenditures for general governmental purposes. Funding is provided by transfers from the General Fund.

**Water and Sewer Capital Reserve Fund** – The Water and Sewer Capital Reserve Fund is used to account for costs which are solely for capital expenditures for the proprietary unit. Funding is provided by transfers from the General and Public Works Funds.

### Proprietary Fund

Proprietary funds are used to account for the ongoing operations and activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income.

The Village's proprietary fund is classified as an enterprise fund, and is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Village Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 1. Summary of Significant Accounting Policies (Cont.)

#### C. Measurement Focus and Basis of Accounting (Cont.)

*Fund Financial Statements (Cont.)*

Proprietary Fund (Cont.)

The Village reports the following major proprietary fund:

**Public Works Fund** – The Public Works Fund is used to account for activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. This Fund includes sanitation and water and sewer services to residents.

#### D. Deferred Revenue/Unavailable Taxes

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Taxes for which there is an enforceable legal claim as of April 30, 2015, but which were not considered available, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met and recreation program fees received in advance are also recorded as unavailable revenue.

#### E. Capital Assets

Capital outlays are recorded as expenditures in the fund financial statements of the governmental funds and as assets in the government-wide financial statements to the extent the Village's capitalization threshold of \$10,000 is met. Depreciation is recorded on general capital assets in the government-wide statements using the straight-line method and the following estimated useful lives:

Buildings and Building Improvements	50 years
Machinery and Equipment	5 – 25 years
Furniture and Fixtures	7 – 20 years
Land Improvements	20 – 30 years
Water and Sewer System	65 years
Infrastructure	15 – 30 years

To the extent the Village's capitalization policy of \$10,000 is met, capital outlays of the proprietary funds are recorded as capital assets and depreciated in both the fund financial statements and the government-wide financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Contributed capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 1. Summary of Significant Accounting Policies (Cont.)

#### F. Cash and Investments

Investments held by the Village which are short-term highly liquid investments having a remaining maturity of one year or less at the date of purchase are reported by the Village at amortized cost. All other investments are reported at fair value in accordance with GASB 31. Gains or losses on the sale of investments are recognized upon realization. Unrealized gains and losses are recognized for those investments valued at fair value. The investment with the State Treasurer's Illinois Funds is at fair value, which is the same value as the pool shares. The state statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act (30 ILCS 235).

The Village will invest in accordance with the guidelines provided in the Illinois Compiled Statutes, Chapter 30, Section 235/2 and Chapter 5, Section 220/15. Appropriate investments include:

1. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits that are direct obligations of any bank that is insured by the Federal Deposit Insurance Corporation (FDIC).
2. Bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the full faith and credit of the United States of America.
3. Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies.
4. Short-term obligations of United States corporations (commercial paper) with assets over \$500,000,000 if (a) such obligations are rated in the three highest classifications established by at least two standard rating services and mature not later than 180 days from the purchase date, (b) such purchases do not exceed 10% of the corporation's outstanding obligations, and (c) such purchases do not exceed more than one-third of the Village's portfolio.
5. 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 obligations of the U.S. Government or its agencies.
6. State of Illinois Funds.

Investments in repurchase agreements and derivative securities are not permitted, per the Village's investment policy.

For purposes of the statement of the cash flows, the Village considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 1. Summary of Significant Accounting Policies (Cont.)

#### G. Net Position/Fund Equity

##### *Net Position*

In the government-wide financial statements, net position is reported as restricted when constraints placed on net position are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation and related debt.
- Restricted Net Position – consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – consists of all other net position that does not meet the definition of restricted net assets.

##### *Fund Equity*

There are five classifications of fund balances. These provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance – amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Board of Trustees or by an official or body to which the Village Board of Trustees delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 1. Summary of Significant Accounting Policies (Cont.)

#### G. Net Position/Fund Equity (Cont.)

##### *Fund Equity (Cont.)*

The Village will use the most restricted funds before the less restricted funds. Nonspendable funds would be spent first as they become spendable, followed by restricted fund balances, then by committed resources, and then assigned resources, as appropriate opportunities arise.

#### H. Long-Term Liabilities

In the government-wide financial statements and the fund financial statements of the proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums, if any, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### I. Property Taxes

Property taxes for 2014 attach as an enforceable lien on January 1, 2014, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments on or about June 1, 2015 and September 1, 2015. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy to reflect actual collection experience. As the 2014 tax levy is used to fund operations of the 2015-2015 fiscal year, the revenue is reported as unavailable at April 30, 2015, and presented as deferred inflows of resources per Note 1. K.

#### J. Accumulated Unpaid Compensated Absences

The Village reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absences liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 1. Summary of Significant Accounting Policies (Cont.)

#### K. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable/deferred taxes, is reported in the statement of net position and the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available, or in the period it is intended to finance.

#### L. Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

#### M. Budgetary Data

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

- (1) Within or before the first quarter of each fiscal year, the Board of Trustees adopts the annual budget and appropriation ordinance.
- (2) The budget document is available for public inspection for at least ten days prior to the Board of Trustees' public hearing and the passage of the annual budget and appropriation ordinance. The Board of Trustees is also required to hold at least one public hearing on the appropriation ordinance.
- (3) Subsequent to the enactment of the annual budget and appropriation ordinance, the Board of Trustees has the authority to make any necessary adjustments to the budget. There were no budget adjustments made during the year.

For each fund, total fund expenditures may not legally exceed the budgeted amounts. All appropriations lapse at the fiscal year-end.

The budget was prepared on the modified accrual basis of accounting; the same basis used in the preparation of the Village's general purpose financial statements.

#### N. Excess of Expenditures over Budget/Deficit Fund Balance

No funds had an excess of actual expenditures over budget for the year ended April 30, 2015. There were no funds that had a deficit in the fund balance at April 30, 2015.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

### 2. Cash and Investments

#### A. Cash

The carrying amount of cash was \$1,316,582 at April 30, 2015, while the bank balances were \$1,386,117. Bank balances were either insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, or collateralized with securities of the U.S. Government or with letters of credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village's agent.

#### B. Investments

The Illinois Funds Money Market Fund is an external investment pool developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Illinois State Treasurer, who has regulatory oversight for the pool. The Fund is not registered with the SEC and has an affirmed AAAM Standard & Poor's credit quality rating. The fair value of the positions in the pool is the same as the value of the pool shares. At year end, the Village had \$1,828,572 in Illinois Funds earning a 0.014% return. Illinois Funds is not subject to custodial credit risk. The Fund issues a publicly available financial report. That report may be obtained by writing to the Office of the State Treasurer, Illinois Funds Administrative Office, 300 W. Jefferson Street, Springfield, Illinois 62702.

### 3. Capital Assets

A summary of changes in the Village's capital assets for the period May 1, 2014 through April 30, 2015 follows.

	Beginning Balance (as Restaed)	Additions and Transfers	Disposals	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated				
Land	\$ 3,919,359			3,919,359
Capital Assets Being Depreciated				
Buildings and Building				
Improvements	1,696,489			1,696,489
Land Improvements	328,243			328,243
Office Furniture and Equipment	127,743			127,743
Police Equipment	21,314			21,314
Other Assets	202,504	34,768	27,609	209,663
Infrastructure	2,430,436			2,430,436
Total Capital Assets Being Depreciated	4,806,729	34,768	27,609	4,813,888
Less Accumulated Depreciation	1,734,883	176,114	16,662	1,894,335
Total Capital Assets Being Depreciated, Net	3,071,846	(141,346)	10,947	2,919,553
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 6,991,205	(141,346)	10,947	6,838,912



**VILLAGE OF HAINESVILLE, ILLINOIS**

Notes to the Financial Statements  
April 30, 2015

3. Capital Assets (Cont.)

Depreciation expense for the Village's Governmental Activities was charged to governmental functions as follows:

General Government	\$ 58,877
Public Works	<u>117,237</u>
	<u>\$ 176,114</u>

	Beginning Balance (as Resated)	Additions	Disposals	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets Not Being Depreciated				
Land	\$ 178,580			178,580
Capital Assets Being Depreciated				
Water and Sewer System	6,667,508			6,667,508
Storm System	2,244,330			2,244,330
Other Assets	133,407	14,917		148,324
Total Capital Assets Being Depreciated	9,045,245	14,917	-	9,060,162
Less Accumulated Depreciation	1,868,720	141,565		2,010,285
Total Capital Assets Being Depreciated, Net	7,176,525	(126,648)	-	7,049,877
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	<u>\$ 7,355,105</u>	<u>(126,648)</u>	<u>-</u>	<u>7,228,457</u>

4. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Compensated Absences	\$ 5,042		590	4,452	4,452
Note Payable - Bank	433,166		147,591	285,575	285,575
	<u>\$ 438,208</u>	<u>-</u>	<u>148,181</u>	<u>290,027</u>	<u>290,027</u>

**VILLAGE OF HAINESVILLE, ILLINOIS**

Notes to the Financial Statements  
April 30, 2015

4. Long-Term Debt (Cont.)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Business-Type Activities</i>					
IEPA Loan	\$ 243,427		11,061	232,366	11,317
Compensated Absences	1,004		1,004		
	<u>\$ 244,431</u>	<u>-</u>	<u>12,065</u>	<u>232,366</u>	<u>11,317</u>

*Note Payable - Bank*

\$600,000 installment note payable to First Midwest Bank for the purchase of a building, dated January 12, 2011, due in monthly installments of \$6,449 including interest at 5.25%, matures January 1, 2016, with a one-time balloon payment of approximately \$243,000, secured by real estate. In November, 2014, the Village paid an additional \$90,000 applied to note principal.

*Illinois IEPA loan*

Illinois EPA Water Pollution Control Revolving Fund approved a loan on December 15, 2011, for an amount of which \$259,553 including accrued interest has been drawn, due in semi-annual installments of \$8,293 commencing May 1, 2013 through May 1, 2032, including interest fixed at 2.2950%. The loan was issued to finance the installation of the Route 120 Watermain Extension Project and will be repaid from the Water & Sewer revenues in the Public Works Fund. The May 1, 2015 payment was made on April 30.

*Debt Service Requirements to Maturity - Governmental Activities*

Year Ending April 30	Note Payable	
	Principal	Interest
2016	<u>\$ 285,575</u>	<u>\$ 10,417</u>

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 4. Long-Term Debt (Cont.)

#### *Debt Service Requirements to Maturity - Business-Type Activities*

Year Ending April 30	IEPA	
	Principal	Interest
2016	\$ 11,317	5,268
2017	11,578	5,007
2018	11,846	4,740
2019	12,119	4,466
2020	12,398	4,187
2021-2025	66,420	16,506
2026-2030	74,448	8,479
2031-2032	32,240	930
	<u>\$ 232,366</u>	<u>49,583</u>

### 5. Risk Management

The Village is currently participating in the Risk Management Association (IMLRMA), a public entity risk pool managed by the Illinois Municipal League. The Village pays an annual premium to IMLRMA for workers compensation insurance, and for all common liability and property coverage. Premiums have been displayed as expenditures in appropriate funds.

Financial information of IMLRMA may be obtained from its administration office:

I.M.L./Risk Management  
500 East Capital Avenue  
P.O. Box 5180  
Springfield, IL 62705

### 6. Motor Fuel Tax Allotment

Under current procedures, the allotments of the Village are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved by the Department of Transportation, State of Illinois. Accordingly, the fund balance of the Motor Fuel Tax Fund is reported as Restricted for Maintenance of Roadways.

### 7. Economic Development Agreement

In 2003, the Village entered into an agreement with a developer that calls for the Village to remit back to a retail establishment 50% of the sales tax receipts collected by the establishment. The purpose of this agreement is to reimburse the establishment for municipal improvements made by the developer to the property. The agreement will terminate upon payment of the sum of \$300,000 or 10 years, whichever event shall occur first. Semi-annual payments commenced on the date the establishment opened for business. During the fiscal year ended April 30, 2015, the Village made the final payment under the agreement in the amount of \$11,210.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 8. Intergovernmental Agreements

The Village has entered into an agreement with School District 46. It has agreed to abate and waive fees and charges associated with providing water service to the elementary school for \$170,000. As of the fiscal year end, the School District had a remaining credit balance of \$45,390.

### 9. Defined Benefit Pension Plan

Illinois Municipal Retirement

#### *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 on-line at [www.imrf.org](http://www.imrf.org), or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

#### *Funding Policy*

As set by statute, the Village's plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's employer contribution rate for calendar year 2014 was 9.63% of annual covered payroll. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

#### *Annual Pension Cost*

For calendar 2014, the Village's annual pension cost of \$19,807 for the plan was equal to the Village's required and actual contributions.

#### TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2014	\$ 19,807	100%	0
12/31/2013	19,767	100%	0
12/31/2012	19,032	100%	0

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year attributable to inflation, (c) additional projected salary increases ranging

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 9. Defined Benefit Pension Plan (Cont.)

#### *Annual Pension Cost (Cont.)*

from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The unfunded actuarial accrued liability at December 31, 2012, is being amortized as a level percentage of projected payroll on an open 29 year basis.

#### *Funded Status and Funding Progress*

As of December 31, 2014, the most recent actuarial valuation date, the plan was 75.93% funded. The actuarial accrued liability for benefits was \$360,341 and the actuarial value of assets was \$273,593, resulting in an underfunded actuarial accrued liability (UAAL) of \$86,748. The covered payroll (annual payroll of active employees covered by the plan) was \$205,682 and the ratio of UAAL to the covered payroll was 42%.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements on page 42, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

### 10. Interfund Transactions

The following were interfund transfers during the year ended April 30, 2015:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 85,812
Public Works Fund	Nonmajor Governmental Funds	<u>36,926</u>
		<u>\$ 122,738</u>

The General Fund's transfers consist of \$85,812 to the Capital Project Reserve Fund (nonmajor) to be used for capital expenditures.

The Public Works Fund's transfers consist of \$36,926 to the Water and Sewer Capital Reserve Fund (nonmajor) to be used for capital expenditures.

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

### 11. Commitments and Contingencies

Village of Hainesville entered into a contract with the Village of Grayslake police in July 2010. Grayslake shall provide all police, law enforcement and public safety related services to Hainesville. A second contract was entered into for providing dispatch services. Both contracts were extended in June 2014. Hainesville agrees to pay Grayslake an annual fee for police and dispatch services through fiscal year 2020-21. Future annual minimum payments as of April 30, 2015, are as follows:

Fiscal Year	Police Services	Dispatch Services	Total
2016	\$ 775,654	68,133	843,787
2017	775,654	68,133	843,787
2018	793,106	71,028	864,134
2019	810,951	74,047	884,998
2020	829,197	77,194	906,391
2021	847,854	80,474	928,328
	<u>\$ 4,832,416</u>	<u>439,009</u>	<u>5,271,425</u>

Expense for the year ended April 30, 2015, was \$737,691 for Police services and \$69,972 for Dispatch services.

### 12. Restatement

During fiscal year 2015, it was determined that various land parcels which had been reported as capital assets in the Public Works Enterprise Fund and Business-type Activities should be presented as Governmental Activities, as they were not used for the purpose of the Enterprise Fund. Therefore, a restatement has been reported on the beginning of year net position to move these assets into the Governmental Activities column of the statement of net position as follows:

	Governmental Activities	Business-type Activities	Public Works Fund
Net position, beginning of year, as previously reported	\$ 6,006,071	11,344,129	11,344,129
Restatement - transfer land to proper classification	3,820,359	(3,820,359)	(3,820,359)
Net position, beginning of year, as restated	<u>\$ 9,826,430</u>	<u>7,523,770</u>	<u>7,523,770</u>

### 13. Future Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements, which are expected to have a material impact on the Village's financial statements in future periods:

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension*

## VILLAGE OF HAINESVILLE, ILLINOIS

Notes to the Financial Statements  
April 30, 2015

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### 13. Future Pronouncements (Cont.)

*Disclosures*-an amendment of GASB Statements No 25 and No. 27, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions of this Statement are effective for the Village's fiscal year ending April 30, 2016. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* -an Amendment of GASB Statement No. 68. This Statement is an amendment of GASB Statement 68, was issued to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. The Village is required to implement this Statement for the fiscal year ending April 30, 2016.

Statement No. 72, *Fair Value Measurement and Application*. This Statement was issued to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The Village is required to implement this Statement for the fiscal year ending April 30, 2017.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement revises existing standards of financial reporting for postemployment benefits other than pensions. This Statement replaces the requirements of Statement Nos. 45 and 57. The Village will be required to implement this Statement for the fiscal year ending April 30, 2019.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**



**VILLAGE OF HAINESVILLE, ILLINOIS**

Required Supplementary Information

Illinois Municipal Retirement Fund

April 30, 2015

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*Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
12/31/2014	\$ 273,593	360,341	86,748	75.93 %	205,682	42.18 %
12/31/2013	238,677	304,309	65,632	78.43	206,988	31.71
12/31/2012	200,864	245,770	44,906	81.73	195,600	22.96
12/31/2011	165,199	207,340	42,141	79.68	191,046	22.06
12/31/2010	143,214	192,954	49,740	74.22	395,966	12.56
12/31/2009	91,806	145,727	53,921	63.00	453,085	11.90

On a market value basis, the actuarial value of assets as of December 31, 2014, is \$300,299. On a market value basis, the funded ratio would be 83.34%.

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

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

**GOVERNMENTAL FUND TYPES**

**GENERAL FUND**

**VILLAGE OF HAINESVILLE, ILLINOIS**

General Fund

Schedule of Revenues - Budget and Actual  
Year Ended April 30, 2015

	Final Budget	Actual	Variance from Final Budget Over (Under)
<b>Taxes</b>			
Property	\$ 457,104	456,371	(733)
Utility	106,000	112,762	6,762
Franchise	251,480	244,978	(6,502)
Total Taxes	<u>814,584</u>	<u>814,111</u>	<u>(473)</u>
<b>Intergovernmental</b>			
Income Tax	360,686	371,550	10,864
Sales and Use Taxes	325,646	375,951	50,305
Personal Property Replacement Tax	300	500	200
Other Tax	20,461		(20,461)
Total Intergovernmental	<u>707,093</u>	<u>748,001</u>	<u>40,908</u>
<b>Fees, Licenses and Permits</b>			
Fines and Forfeitures	1,100	1,214	114
Other Licenses	21,525	29,170	7,645
Building Permits and Inspections	14,000	23,872	9,872
Total Fees, Licenses and Permits	<u>36,625</u>	<u>54,256</u>	<u>17,631</u>
<b>Interest Income</b>	<u>580</u>	<u>289</u>	<u>(291)</u>
<b>Miscellaneous</b>			
Contributions	12,000	7,950	(4,050)
Grants	85,000	95,000	10,000
Miscellaneous	2,520	28,972	26,452
Total Miscellaneous	<u>99,520</u>	<u>131,922</u>	<u>32,402</u>
<b>Total Revenues</b>	<u>\$ 1,658,402</u>	<u>1,748,579</u>	<u>90,177</u>

**VILLAGE OF HAINESVILLE, ILLINOIS**

General Fund

Schedule of Expenditures - Budget and Actual  
Year Ended April 30, 2015

	Final Budget	Actual	Variance from Final Budget Over (Under)
General Government			
Personnel			
Wages	\$ 167,300	172,304	5,004
Payroll Taxes	15,000	13,411	(1,589)
Personnel Benefits	5,400	5,400	
Retirement Benefits	15,000	12,653	(2,347)
Total Personnel	<u>202,700</u>	<u>203,768</u>	<u>1,068</u>
Contractual Services			
Maintenance	32,570	36,407	3,837
Professional Services	116,927	116,091	(836)
Insurance	35,000	31,622	(3,378)
Professional Development	8,542	4,770	(3,772)
Economic Incentive Agreement	21,000	11,210	(9,790)
Communication	6,975	6,938	(37)
Total Contractual Services	<u>221,014</u>	<u>207,038</u>	<u>(13,976)</u>
Commodities			
Office Supplies and Expenses	17,020	15,303	(1,717)
Computer Services and Supplies	13,525	25,515	11,990
Maintenance Supplies	425	118	(307)
Other	1,200	1,138	(62)
Total Commodities	<u>32,170</u>	<u>42,074</u>	<u>9,904</u>
Total Current Expenditures	<u>455,884</u>	<u>452,880</u>	<u>(3,004)</u>
Capital Outlay			
Other	38,350	30,079	(8,271)
Total Capital Outlay	<u>38,350</u>	<u>30,079</u>	<u>(8,271)</u>
Total General Government	<u>494,234</u>	<u>482,959</u>	<u>(11,275)</u>
Public Safety			
Emergency Management Agency			
Commodities			
Office Supplies and Expenses	2,300		(2,300)
Maintenance Supplies	150		(150)
Computer Services and Supplies	200		(200)
Total Commodities	<u>2,650</u>	-	<u>(2,650)</u>
Contractual Services			
Dispatching	1,000	287	(713)
Total Current Expenditures	<u>3,650</u>	<u>287</u>	<u>(3,363)</u>
Capital Outlay			
Community Development	140		(140)
Total Emergency Management Agency	<u>3,790</u>	<u>287</u>	<u>(3,503)</u>

(Cont.)

**VILLAGE OF HAINESVILLE, ILLINOIS**

General Fund

Schedule of Expenditures - Budget and Actual (Cont.)  
Year Ended April 30, 2014

	Final Budget	Actual	Variance from Final Budget Over (Under)
Public Safety (Cont.)			
Police Protection			
Contractual Services			
Dispatching	71,400	69,972	(1,428)
Police Contract	738,000	737,691	(309)
Total Contractual Services	<u>809,400</u>	<u>807,663</u>	<u>(1,737)</u>
Total Public Safety	<u>813,190</u>	<u>807,950</u>	<u>(5,100)</u>
Public Works			
Street Division			
Personnel			
Wages	82,500	76,571	(5,929)
Payroll Taxes	6,000	5,916	(84)
Personnel Benefits	1,800	1,800	
Retirement Benefits	6,000	4,785	(1,215)
Total Personnel	<u>96,300</u>	<u>89,072</u>	<u>(7,228)</u>
Contractual Services			
Maintenance	521,950	535,865	13,915
Engineering	50,500	57,258	6,758
Total Contractual Services	<u>572,450</u>	<u>593,123</u>	<u>20,673</u>
Commodities			
Street Lighting	5,600	5,200	(400)
Equipment Rental	4,000	3,348	(652)
Julie Locates and Messages	2,000	206	(1,794)
Maintenance Supplies	8,000	8,117	117
Professional Development	3,800	1,322	(2,478)
Office Supplies	2,380	9,317	6,937
Other	199,060	1,279	(197,781)
Total Commodities	<u>224,840</u>	<u>28,789</u>	<u>(196,051)</u>
Total Current Expenditures	<u>893,590</u>	<u>710,984</u>	<u>(182,606)</u>
Capital Outlay			
Building	9,000		(9,000)
Tree Planting	41,000	40,905	(95)
Landscape Beautification	11,485		(11,485)
Equipment		32,664	32,664
Total Capital Outlay	<u>61,485</u>	<u>73,569</u>	<u>12,084</u>
Debt Service			
Principal	146,000	147,500	1,500
Interest	22,000	19,891	(2,109)
Total Debt Service	<u>168,000</u>	<u>167,391</u>	<u>(609)</u>
Total Public Works	<u>1,123,075</u>	<u>951,944</u>	<u>(171,131)</u>
Total Expenditures	<u>\$ 2,430,499</u>	<u>2,242,853</u>	<u>(187,506)</u>

**NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENTS**



**VILLAGE OF HAINESVILLE, ILLINOIS**

Combining Balance Sheet

Nonmajor Governmental Funds

April 30, 2015

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Motor Fuel Tax	Special Service Area	Capital Projects Reserve	Water and Sewer Capital Reserve	
<b>ASSETS</b>					
Assets					
Cash	\$ 160,426	15,721	275,812	138,326	590,285
Property Tax Receivable		21,000			21,000
Total Assets	\$ 160,426	36,721	275,812	138,326	611,285
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Deferred Inflows of Resources					
Unearned Property Taxes	\$	21,000			21,000
Fund Balances					
Restricted for					
Maintenance of Roadways	160,426				160,426
Maintenance of Special Service Area		15,721			15,721
Committed to					
Capital Purposes			275,812	138,326	414,138
Total Fund Balances	160,426	15,721	275,812	138,326	590,285
Total Deferred Inflows of Resources and Fund Balances	\$ 160,426	36,721	275,812	138,326	611,285

**VILLAGE OF HAINESVILLE, ILLINOIS**

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended April 30, 2015

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Motor Fuel Tax	Special Service Area	Capital Projects Reserve	Water and Sewer Capital Reserve	
Revenues					
Property Taxes	\$	20,462			20,462
Intergovernmental	111,717				111,717
<b>Total Revenues</b>	<b>111,717</b>	<b>20,462</b>	<b>-</b>	<b>-</b>	<b>132,179</b>
Expenditures					
Contractual Services					
Maintenance	200,000	6,450			206,450
Excess (Deficiency) of Revenues over Expenditures	(88,283)	14,012	-	-	(74,271)
Other Financing Sources					
Transfers In			85,812	36,926	122,738
Net Change in Fund Balances	(88,283)	14,012	85,812	36,926	48,467
Fund Balance at Beginning of Year	248,709	1,709	190,000	101,400	541,818
Fund Balance at End of Year	\$ 160,426	15,721	275,812	138,326	590,285

**MOTOR FUEL TAX FUND**

**VILLAGE OF HAINESVILLE, ILLINOIS**

Motor Fuel Tax Fund

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2015

	Final Budget	Actual	Variance from Final Budget Over (Under)
Revenues			
Motor Fuel Tax	\$ 104,574	111,717	7,143
Expenditures			
Capital Outlay			
Street Maintenance	200,000	200,000	
Change in Fund Balance	<u>\$ (95,426)</u>	(88,283)	<u>7,143</u>
Fund Balance			
May 1		<u>248,709</u>	
April 30		<u>160,426</u>	

**SPECIAL SERVICE AREA FUND**

**VILLAGE OF HAINESVILLE, ILLINOIS**

Special Service Area Fund

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2015

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	Final Budget	Actual	Variance from Final Budget Over (Under)
Revenues			
Property Taxes - SSA	\$ 20,461	20,462	1
Expenditures			
Contractual Services Maintenance	<u>17,000</u>	<u>6,450</u>	<u>(10,550)</u>
Change in Fund Balance	<u>\$ 3,461</u>	14,012	<u>10,551</u>
Fund Balance			
May 1		<u>1,709</u>	
April 30		<u>15,721</u>	

**CAPITAL PROJECTS RESERVE FUND**

**VILLAGE OF HAINESVILLE, ILLINOIS**

Capital Projects Reserve Fund

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2015

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	Final Budget	Actual	Variance from Final Budget Over (Under)
Transfer In	<u>\$ 85,812</u>	85,812	<u>          </u>
Fund Balance			
May 1		<u>190,000</u>	
April 30		<u>275,812</u>	



**CAPITAL PROJECTS FUND – WATER & SEWER**

**VILLAGE OF HAINESVILLE, ILLINOIS**

Capital Projects Fund - Water & Sewer

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2015

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	Final Budget	Actual	Variance from Final Budget Over (Under)
Transfer In	<u>\$ 36,926</u>	36,926	<u>          </u>
Fund Balance May 1		<u>101,400</u>	
April 30		<u>138,326</u>	

**PROPRIETARY FUND TYPE**

**ENTERPRISE FUNDS**

**PUBLIC WORKS FUNDS**

**VILLAGE OF HAINESVILLE, ILLINOIS**

Public Works Funds

Combining Schedule of Revenues, Expenses,  
and Changes in Net Position  
Year Ended April 30, 2015

	Sanitation	Water & Sewer	Total
Operating Revenues			
Charges for Services	\$ 166,161	739,957	906,118
Operating Expenses			
Personnel Service		30,575	30,575
Contractual Services	150,514	397,207	547,721
Commodities	8,189	30,020	38,209
Capital Outlay		1,767	1,767
Operating Expenses before Depreciation	158,703	459,569	618,272
Depreciation		141,565	141,565
Total Operating Expenses	158,703	601,134	759,837
Operating Income	7,458	138,823	146,281
Nonoperating Revenue (Expense)			
Investment Income		8	8
Interest Expense and Executory Costs		(5,524)	(5,524)
Total Nonoperating Revenues (Expenses)	-	(5,516)	(5,516)
Income before Transfer	7,458	133,307	140,765
Transfers			
Transfers Out		(36,926)	(36,926)
Change in Net Position	\$ 7,458	96,381	103,839
Net Position			
May 1, as Previously Reported			11,344,129
Restatement			(3,820,359)
May 1			7,523,770
April 30			7,627,609

**VILLAGE OF HAINESVILLE, ILLINOIS**

Public Works Fund - Sanitation

Schedule of Revenues and Expenses - Budget and Actual  
Year Ended April 30, 2015

	Final Budget	Actual	Variance from Final Budget Over (Under)
Operating Revenues			
Charges for Services			
Garbage Charges	\$ 158,500	160,119	1,619
Yard Waste Stickers	4,500	6,042	1,542
Total Operating Revenues	163,000	166,161	3,161
Operating Expenses			
Contractual Services			
Garbage Contract	150,000	150,514	514
Commodities			
Yard Waste Stickers	4,200	8,125	3,925
Utility System	131,500		(131,500)
Other	150	64	(86)
Total Commodities	135,850	8,189	(127,661)
Capital Outlay			
Equipment	150		(150)
Total Operating Expenses	286,000	158,703	(127,297)
Operating Income (Loss)	\$ (123,000)	7,458	130,458

**VILLAGE OF HAINESVILLE, ILLINOIS**

Public Works Fund - Water & Sewer

Schedule of Revenues and Expenses - Budget and Actual  
Year Ended April 30, 2015

	Final Budget	Actual	Variance from Final Budget Over (Under)
Operating Revenues			
Charges for Services			
Water Sales	\$ 440,950	441,439	489
Sewer Charges	298,800	283,670	(15,130)
Miscellaneous	500	14,848	14,348
Total Operating Revenues	740,250	739,957	(293)
Operating Expenses Excluding Depreciation			
Personnel			
Wages	53,500	26,156	(27,344)
Payroll Taxes	5,000	1,880	(3,120)
Personnel Benefits	1,800	300	(1,500)
Retirement Benefits	5,000	2,239	(2,761)
Total Personnel	65,300	30,575	(34,725)
Contractual Services			
Accounting Services	5,000	5,000	
Engineering Services	46,750	6,231	(40,519)
Legal Services	3,000	500	(2,500)
Insurance	10,500	7,095	(3,405)
Water and Lift Station Services	43,300	37,772	(5,528)
Maintenance Services	105,420	51,425	(53,995)
Water Disposal	277,000	262,035	(14,965)
Electric Services	22,000	22,564	564
Professional Development	2,800	4,585	1,785
Total Contractual Services	515,770	397,207	(118,563)
Commodities			
Maintenance Supplies	3,500	2,424	(1,076)
Miscellaneous Office Expenses	1,300	1,637	337
Communication	4,730	4,685	(45)
Office Supplies	13,300	9,174	(4,126)
Computer Software and Support	4,625	11,818	7,193
Other	1,000	282	(718)
Total Commodities	28,455	30,020	1,565
Total Current Expenses	609,525	457,802	(151,723)
Capital Outlay			
Utilities	2,250	1,767	(483)
Operating Expenses before Depreciation	611,775	459,569	(152,206)
Depreciation		141,565	(141,565)
Total Operating Expenses	611,775	601,134	(10,641)
Operating Income	\$ 128,475	138,823	10,348



**SUPPLEMENTAL INFORMATION**

**VILLAGE OF HAINESVILLE, ILLINOIS**

Comparative Tax Data

Last Ten Levy Years

Tax Levy Year	2014	2013	2012	2011	2010	2009
Assessed Valuation	\$52,811,974	55,735,833	61,909,340	74,523,547	85,623,172	89,598,982
Tax Rates						
Corporate	0.189	0.216	0.194	0.163	0.132	0.152
Police Protection	0.600	0.600	0.600	0.600	0.555	0.548
	0.789	0.816	0.794	0.763	0.687	0.700
Tax Extension						
Corporate	\$ 100,000	120,389	120,104	121,473	113,023	136,190
Police Protection	316,871	334,415	371,456	447,141	475,209	491,002
SSA	21,000	20,461				
	\$ 437,871	475,265	491,560	568,614	588,231	627,193
Collections	\$	474,338	489,879	566,331	587,900	625,960
Collection Rate		99.80%	99.66%	99.60%	99.94%	99.80%

2008	2007	2006	2005
92,261,700	87,855,893	84,282,626	81,661,713
0.143	0.140	0.150	0.137
0.534	0.541	0.541	0.548
0.677	0.681	0.691	0.685
131,934	122,998	126,424	111,877
492,677	475,300	455,969	447,506
22,120	22,120	5,560	5,530
646,732	620,418	587,953	564,913
645,127	618,972	582,023	537,806
99.75%	99.77%	98.99%	95.20%