

VILLAGE OF ROUND LAKE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2014



VILLAGE OF ROUND LAKE, ILLINOIS

TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Management’s Discussion and Analysis.....	MD&A 1-9
INDEPENDENT AUDITOR’S REPORT	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position - Modified Cash Basis	3
Statement of Activities - Modified Cash Basis	4-5
Fund Financial Statements	
Governmental Funds	
Statement of Assets, Liabilities and Fund Balances Arising from Cash Basis.....	6
Reconciliation of Fund Balances Arising from Cash Basis of the Governmental Funds to the Governmental Activities in the Statement of Net Position - Modified Cash Basis	7
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis.....	8
Reconciliation of the Governmental Funds Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis - to the Governmental Activities in the Statement of Activities - Modified Cash Basis.....	9
Proprietary Funds	
Statement of Assets, Liabilities and Net Position Arising from Modified Cash Basis.....	10
Statement of Revenues Collected, Expenditures Paid and Changes in Net Position - Modified Cash Basis.....	11
Statement of Cash Flows	12

VILLAGE OF ROUND LAKE, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)	
Basic Financial Statements (Continued)	
Fund Financial Statements (Continued)	
Fiduciary Funds	
Statement of Assets, Liabilities and Net Position Arising from Modified Cash Basis	13
Statement of Revenues Collected, Expenditures Paid and Changes in Net Position - Modified Cash Basis.....	14
Notes to Financial Statements	15-40
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Major Governmental Funds	
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - Cash Basis General Fund	41
Detailed Schedule of Expenditures Paid - Budget and Actual - Cash Basis General Fund	42-43
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - Cash Basis Capital Projects Fund	44
Nonmajor Governmental Funds	
Combining Statement of Assets, Liabilities and Fund Balances Arising From Cash Basis	45-46
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis	47-48
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - Cash Basis	
Motor Fuel Tax Fund.....	49
Bright Meadows SSA #1 Fund.....	50
2005 Bonds Debt Service Fund.....	51
2010 Bonds Debt Service Fund.....	52
2011 Bonds Debt Service Fund.....	53
Working Cash Fund.....	54

VILLAGE OF ROUND LAKE, ILLINOIS

TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)	
Enterprise Funds	
Schedule of Revenues Collected, Expenditures Paid and Changes in Net Position - Budget and Actual - Modified Cash Basis	
Water and Sewer Fund	55
Commuter Parking Lot Fund	56
Internal Service Funds	
Combining Statement of Assets, Liabilities and Net Position Arising From Modified Cash Basis.....	
	57
Combining Statement of Revenues Collected, Expenditures Paid, and Changes in Net Position - Modified Cash Basis	
	58
Combining Statement of Cash Flows.....	
	59
Schedule of Revenues Collected, Expenditures Paid and Changes in Net Position - Budget and Actual - Modified Cash Basis	
Vehicle Replacement Fund.....	60
Technology Replacement Fund.....	61
Building Replacement Fund	62
Fiduciary Funds	
Schedule of Revenues Collected, Expenditures Paid and Changes in Net Position - Budget and Actual - Cash Basis	
Police Pension Fund	63
Combining Statement of Changes in Assets and Liabilities - Cash Basis	
Agency Funds	64-65
SUPPLEMENTARY DATA	
Schedule of Funding Progress and Employer Contributions	
Illinois Municipal Retirement Fund	66
Sheriff's Law Enforcement Personnel Plan	67
Police Pension Fund	68
Other Postemployment Benefit Plan	69
Schedule of Tax Data	70-71
Schedule of Assessed Valuation by Type of Property	72

INTRODUCTORY SECTION

VILLAGE OF ROUND LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2014

The discussion and analysis of the Village of Round Lake's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2014.

FINANCIAL HIGHLIGHTS

- The Village's Governmental net position, which equal total assets plus deferred outflows of resources less total liabilities, was \$33,979,962 and \$32,294,240 at the end of fiscal year 2014 and 2013, respectively, an increase of \$1,685,722. Business-type activities net position was \$40,149,780 and \$40,452,733 at the end of fiscal year 2014 and 2013, respectively, a decrease of \$302,953.
- Governmental unrestricted net position, assets that may be used to meet the Village's ongoing obligations to residents and creditors, was \$7,425,327 and \$7,524,108 for fiscal year 2014 and 2013, respectively, a decrease of \$98,781. Business-type activities unrestricted net position was \$7,358,823 and \$7,701,931 for fiscal year 2014 and 2013, respectively, a decrease of \$343,108.
- Revenues for Governmental Activities (excluding transfers) equaled \$9,196,236 and were higher than total program expenses of \$7,510,514 by \$1,685,722 as compared to total revenues of \$9,053,924 which were higher than total expenses of \$6,818,763 by \$2,235,161 in the prior year. Revenues for Business-Type Activities (excluding transfers) equaled \$4,097,833 and were lower than total program expenses of \$4,400,786 by \$302,953, as compared to total revenues of \$4,467,980 which were higher than total expenses of \$4,323,065 by \$144,915, in the prior year.
- The fund balance for the General Fund equaled \$5,872,470, a decrease of \$500,531 from the beginning fund balance of \$6,373,001.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village of Round Lake's basic financial statements. The Village's basic financial statements are comprised of three main components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary data in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village of Round Lake's finances, in a manner similar to private-sector business. The statement of net position presents information on all of the Village's assets, deferred outflows of resources, and liabilities on a modified cash basis, with the difference between the three being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the receipts are collected (revenues) and the expenditures are paid (expenditures or expenses), except for capital asset and debt related transactions.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, community development, and interest expense. The business-type activities of Village include water/sewer operations, commuter parking lot activities, and internal service purchases.

Fund Financial Statements

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds. The Village maintains two proprietary fund types. One type is enterprise funds, which has a fund for water and sewer operations and another for commuter lot operations. The other type is internal service, which has three funds; vehicle replacement, technology replacement, and building replacement. The enterprise funds are used to report the functions presented as business-type activities in the governmental-wide financial statements. The internal service funds are reported as governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds include the Police Pension Fund, Special Service Areas #1, #2, and #4, Builders Escrow, and the Impact Fee Funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary data.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Round Lake, assets plus deferred outflows of resources exceeded liabilities by \$74.1 million at April 30, 2014.

By far the largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets still outstanding. As of April 30, 2014, net investment in capital assets totaled \$56.8 million, representing 76.65% of total net position. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Just under \$2.6 million (3.44%) of the Village's net position represents resources that are subject to restrictions on how they may be used, such as for debt service, capital projects, and other specific purposes. The remaining \$14,784,150 balance of unrestricted net position may be used to meet the Village's ongoing obligations to citizens and creditors.

Following is a table that summarizes the net position of the Village at the close of the recent fiscal year by governmental activities, business-type activities, and village-wide. A comparison to the preceding fiscal year is presented for all three categories.

**Village of Round Lake Net Position
Fiscal Years Ended April 30th**

	Governmental Activities		Business - Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$9,994,102	\$9,315,423	\$7,409,445	\$7,744,779	\$17,403,547	\$17,060,202
Capital assets	36,952,957	36,513,877	33,635,957	33,705,802	70,588,914	70,219,679
Total assets	46,947,059	45,829,300	41,045,402	41,450,581	87,992,461	87,279,881
Unamortized loss on refunding						
Total Deferred Outflows	774,051	841,460	0	0	774,051	841,460
Other liabilities	18,202	17,456	50,622	42,848	68,824	60,304
Noncurrent liabilities	13,722,946	14,359,064	845,000	955,000	14,567,946	15,314,064
Total liabilities	13,741,148	14,376,520	895,622	997,848	14,636,770	15,374,368
Net Position						
Net investment in capital assets	24,004,062	22,996,273	32,790,957	32,750,802	56,795,019	55,747,075
Restricted	2,550,573	1,773,859	0	0	2,550,573	1,773,859
Unrestricted	7,425,327	7,524,108	7,358,823	7,701,931	14,784,150	15,226,039
Total net position	\$33,979,962	\$32,294,240	\$40,149,780	\$40,452,733	\$74,129,742	\$72,746,973

Total net position of the Village increased by \$1,382,769 for the fiscal year ended 2014. The net position related to governmental activities increased by \$1,685,722, while net position related to business-type activities decreased by \$302,953.

In the governmental activities, current assets, mainly cash and investments, increased \$678,679. General Fund cash and investments decreased \$499,787; internal service activities cash increased \$207,406, while other governmental funds cash and investments increased \$971,058. The General Fund had excess revenues over expenditures of roughly \$950,000 coupled with transfers out of \$1,450,000 to fund capital projects and debt service resulting in a reduction in cash and investments. All other governmental funds cash and investments increased \$971,058 mainly due to a \$700,000 transfer to the Capital Projects fund for capital outlay and a \$400,000 transfer to the MFT Fund. Noncurrent liabilities decreased \$636,118 mainly due to normal principal reductions for the Village's general obligation bonds.

In the business-type activities, current assets decreased by \$335,334 mainly due to lower water, sewer, and parking receipts from customers and users, coupled with an increase in operating expenses over the previous year. The slight increase in other liabilities is mainly water and sewer utility bill credits as a result of customer overpayments that are owed to them as of April 30, 2014. Noncurrent liabilities decreased from the preceding fiscal year due to a \$110,000 principal payment made on the Village's 2010C outstanding debt series

The table that follows summarizes the changes in net position for the fiscal year just ended and the prior fiscal year.

**Village of Round Lake Changes in Net Position
Fiscal Years Ended April 30th**

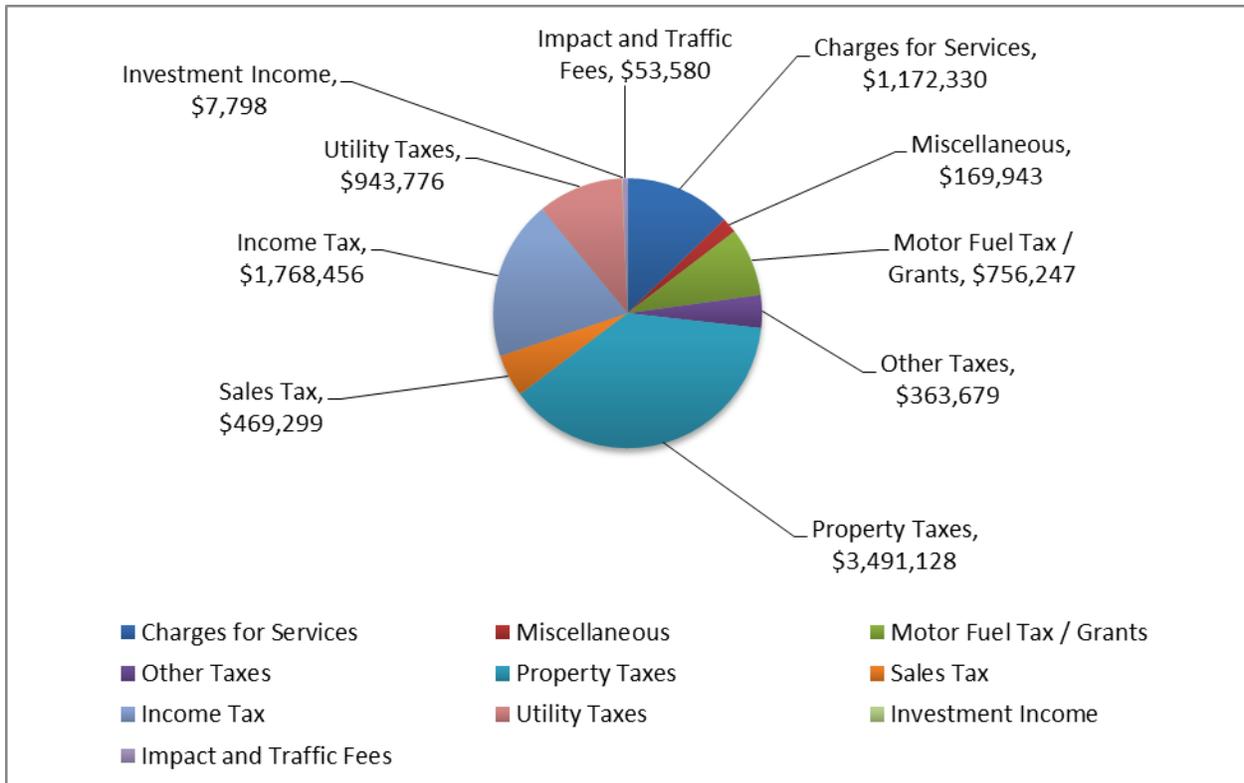
	Governmental Activities		Business - Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$1,172,330	\$1,090,179	\$3,969,799	\$3,982,654	\$5,142,129	\$5,072,833
Operating Grants	662,365	569,172	-	-	662,365	569,172
Capital Grants	93,882	98,250	-	-	93,882	98,250
General revenues						
Property taxes	3,491,128	3,520,879	-	-	3,491,128	3,520,879
Income tax	1,768,456	1,927,497	-	-	1,768,456	1,927,497
Utility taxes	943,776	906,791	-	-	943,776	906,791
Other taxes	832,978	782,931	-	-	832,978	782,931
Interest income	7,798	4,675	15,384	(5,994)	23,182	(1,319)
Impact fees and recaptures	53,580	31,608	-	-	53,580	31,608
Miscellaneous	169,943	121,942	112,650	62,835	282,593	184,777
Total revenues	9,196,236	9,053,924	4,097,833	4,039,495	13,294,069	13,093,419
Program expenses						
General government	2,180,910	2,017,736	-	-	2,180,910	2,017,736
Police department	3,513,671	3,128,966	-	-	3,513,671	3,128,966
Public works	949,236	784,647	-	-	949,236	784,647
Community development	250,786	241,523	-	-	250,786	241,523
Debt service	615,911	645,891	-	-	615,911	645,891
Parking Lot	-	-	52,144	34,157	52,144	34,157
Water and sewer	-	-	4,348,642	4,288,908	4,348,642	4,288,908
Total expenses	7,510,514	6,818,763	4,400,786	4,323,065	11,911,300	11,141,828
Changes in net position before						
contributions and transfers	1,685,722	2,235,161	(302,953)	(283,570)	1,382,769	1,951,591
Contributions	-	-	-	428,485	-	428,485
Transfers	-	(100,000)	-	100,000	-	-
Increase (decrease) in net position	1,685,722	2,135,161	(302,953)	244,915	1,382,769	2,380,076
Beginning of year	32,294,240	30,159,079	40,452,733	40,207,818	72,746,973	70,366,897
End of year	\$33,979,962	\$32,294,240	\$40,149,780	\$40,452,733	\$74,129,742	\$72,746,973

Governmental Activities

Program revenues (amounts charged to residents for programs plus operating and capital grants) for governmental activities totaled \$1,928,577 and general revenues totaled \$7,267,659 for a total of \$9,196,236, an increase of \$142,312 from the preceding year.

The following graph depicts both program and general revenues by major revenue sources for governmental activities.

Revenues by Source – Governmental Activities



Property taxes account for the largest revenue source in the governmental type activities of the Village at 37.96% of the overall revenues. Charges for services, 12.75% of the total, include items such as business licenses, building permits, and refuse pickup. Income Tax, 19.23% is the portion of state income tax that the State of Illinois distributes to the Village on a per capita basis. Utility taxes include electric, gas, and the municipal telecommunications tax, which accounted for 10.26% of the overall revenues. Other taxes of \$363,679 include use and replacement tax.

Expenses related to governmental activities totaled \$7,510,514 in the current fiscal year, representing an increase of \$691,751 from the preceding fiscal year. The significant increase can be attributed to the following: additional legal and consulting services provided, an increase in regular, part-time, and overtime salaries, and an increase in certain commodities due to the severe winter during 2014.

Business-Type Activities

Program revenues for business type activities totaled \$3,969,799 and general revenues totaled \$128,034 for a total of \$4,097,833, a decrease of \$470,147 from the preceding year. Charges for services decreased \$12,855 from 2013 due to a slight decrease in consumption. Miscellaneous revenue increased \$49,815 from 2013 due to higher permit fee receipts from the Emerald Bay subdivision.

Expenses from business-type activities totaled \$4,400,786 compared to \$4,323,065 in the preceding year, an increase of \$77,721 or 1.79%.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village of Round Lake uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of April 30, 2014, the Village's governmental funds reported a combined ending fund balance of \$9,557,685, representing an increase of \$470,527 or 5.18%, from the preceding year. Approximately 59.97% or \$5,732,144, constitutes unrestricted, unassigned fund balance, which is available for spending at the village's discretion. The remainder of fund balance is restricted or assigned, to indicate that it is not available for new spending because it has already been earmarked: 1) to pay debt service, or 2) for a variety of other restricted purposes.

General Fund. The General Fund is the main operating fund of the Village. At April 30, 2014 total fund balance was \$5,872,470, a decrease of \$500,531 over the prior year fund balance. The following table summarizes General Fund revenues and expenditures, with a comparison to the operating budget, for the fiscal year ended April 30, 2014.

	Operating Budget	Actual	Variance	Percent Variance
Revenues				
Taxes	3,002,813	3,458,935	456,122	15.19%
Charges For Service	575,650	582,777	7,127	1.24%
Licenses And Permits	76,218	155,678	79,460	104.25%
Intergovernmental	2,553,930	2,618,354	64,424	2.52%
Fines	190,000	196,108	6,108	3.21%
Franchise Fees	233,000	237,768	4,768	2.05%
Interest Income	15,000	5,917	(9,083)	(60.55%)
Miscellaneous Income	102,400	154,935	52,535	51.30%
Total Revenues	6,749,011	7,410,472	661,461	9.80%
Expenditures				
General Government	1,827,093	1,831,245	(4,152)	(0.23%)
Police Department	3,115,212	3,372,262	(257,050)	(8.25%)
Public Works	928,554	911,566	16,988	1.83%
Community Development	276,718	274,997	1,721	0.62%
Capital Outlay	118,795	70,933	47,862	40.29%
Other Financing Uses	1,450,000	1,450,000	0	0.00%
Total Expenditures	7,716,372	7,911,003	(194,631)	(2.52%)
Changes In Fund Balance	(967,361)	(500,531)	466,830	48.26%

It should be noted for audit purposes the Police Pension Fund tax levy is included in the General Fund as revenue in the taxes category and as an expenditure in the Police Department, at \$427,638. As the chart shows, revenues were \$661,461, 9.80% above the operating budget amount. Besides taxes, the largest dollar variance is licenses and permits revenue; with actual revenue \$79,460 over the budget amount due to the continuing development of the Emerald Bay subdivision. Due to the uncertainty of the construction industry and economy, development permit revenues were not budgeted for in fiscal year 2014.

Expenditures were 2.52% over the operating budget of \$7,716,372. The Police Department expenditures are \$170,588 under the operating budget after backing out the \$427,638 Police Pension tax levy. Capital outlay was under budget due to shifting certain capital purchases to the next fiscal year. All other operating expenditures were consistent with the operating budget.

Other Governmental Funds. All other governmental fund type revenues were \$1,785,764, an increase of \$156,973 from the prior year amount of \$1,628,791. The table below lists the revenue types and the change from the prior year.

	2014	2013	Dollar Change	Percent Change
Revenues				
Taxes	\$975,970	\$937,192	\$38,778	4.14%
Intergovernmental	\$739,900	\$657,742	\$82,158	12.49%
Impact Fees	\$53,580	\$31,608	\$21,972	69.51%
Interest Income	\$1,881	\$2,249	(\$368)	(16.36%)
Miscellaneous Income	\$14,433	\$0	\$14,433	0.00%
Total Revenues	\$1,785,764	\$1,628,791	\$156,973	9.64%

Fiscal year end 2014 taxes were \$38,778 higher than 2013 due to gas tax increasing 38.15% from the previous fiscal year directly related to the significantly cold winter. Intergovernmental revenue increased \$82,158 due to receiving \$55,819 Township reimbursement for a roadway project and \$20,700 for a Watershed Grant for storm water management. Impact fees were \$21,972 higher than 2013 due to the continued development of the Emerald Bay subdivision.

The table below lists the expense types and the change from the prior year.

	2014	2013	Dollar Change	Percent Change
Expenditures				
General Government	104,631	150,832	(46,201)	(30.63%)
Public Works	37,320	96,931	(59,611)	(61.50%)
Capital Outlay	938,135	681,607	256,528	37.64%
Debt Service	1,184,620	1,184,600	20	0.00%
Total Expenditures	2,264,706	2,113,970	150,736	7.13%

All other governmental fund type expenditures were \$2,264,706, an increase of \$150,736 from the prior year. As shown in the table above the major increase was in the capital outlay category. The majority of the net increase relates to projects in the Capital Projects Fund. Offsetting the capital outlay increase were minor decreases in both the general government and public works categories.

Proprietary funds. The Village's proprietary funds, the enterprise funds, which includes water/sewer and the commuter parking lot funds and the internal service funds which include the vehicle, technology, and building replacement funds, provides the same type of information found in the government-wide financial statements, but in more detail.

The Water and Sewer Fund reported total operating income before depreciation expense of \$803,551. Operating revenues totaled \$3,996,283, an increase of \$40,197 from the preceding year. Operating expenses excluding depreciation totaled \$3,192,732, an increase of \$21,756 from the prior year. Operating loss before non-operating items, transfers and contributions totaled \$323,561. The total change in net position reported for the current fiscal year was a negative \$337,006.

The Commuter Parking Lot Fund reported total operating income before depreciation expense of \$34,022. Operating revenue totaled \$86,166, a decrease of \$3,237 from the preceding year. Operating expenses excluding depreciation totaled \$52,144, an increase of \$18,029 from the prior year. The total change in net position reported for the current fiscal year was a positive \$34,053.

The internal service funds, which includes vehicle, technology, and the building replacement funds reported total operating income before depreciation expense of \$365,560. Operating revenues totaled \$379,892 and operating expenses excluding depreciation totaled \$14,332. The total change in net position reported for the current fiscal year was a positive \$370,841.

Fiduciary funds. The Village's fiduciary funds consist of five agency funds and one Police Pension Trust Fund. Net position held by the Police Pension Trust Fund totaled \$5,549,023 at April 30, 2014, an increase of \$536,409 from the prior year. Additions to the pension trust fund totaled \$992,056 and deductions totaled \$455,647.

BUDGETARY INFORMATION

All funds actual expenses, prior to capitalization of assets and depreciation expenses were under the overall appropriations by nearly \$3.7 million due to capital projects budgeted and moved to the subsequent fiscal year. However, the Commuter Parking Lot fund was over budget by roughly \$10,000 due to higher snow removal costs associated with the abnormally high snow totals from the previous season.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2014 was \$70,588,914 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, streets and related infrastructure. The total increase in the Village's investment in capital assets for the year ended April 30, 2014 was \$369,235.

Capital Assets (net of depreciation) Fiscal Years Ended April 30th

Description	Governmental Activities		Business - Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$12,026,483	\$12,026,483	\$130,000	\$130,000	\$12,156,483	\$12,156,483
Construction in progress	961,618	1,007,978	656,395	563,396	1,618,013	1,571,374
Buildings	7,794,332	8,021,757	0	0	7,794,332	8,021,757
Land Improvements	346,156	380,408	0	0	346,156	380,408
Vehicles and Equipment	377,787	247,089	263,862	84,231	641,649	331,320
Infrastructure	15,446,581	14,830,162	32,585,700	32,928,175	48,032,281	47,758,337
Totals	\$36,952,957	\$36,513,877	\$33,635,957	\$33,705,802	\$70,588,914	\$70,219,679

Governmental activities capital assets increased \$439,080 from the prior year and business-type activities capital assets decreased 0.21%. The majority of the increase in the current fiscal year relates to the capitalization completed construction projects along with prior year's construction in progress in the infrastructure category. The category increased \$616,419 with the larger current fiscal year projects included below:

- Wildspring/Nippersink roadway repaving \$111,629
- Lakewood Terrace roadway and watermain reconstruction \$119,122

Depreciation expense in the governmental and business-type activities totaled \$700,522 and \$1,127,112 respectively in the current fiscal year.

DEBT ADMINISTRATION

As of April 30, 2014, the Village had five general obligation bonds outstanding. At the end of the current fiscal year, the Village of Round Lake had \$14,439,000 of debt outstanding as shown by the table below.

Outstanding Debt Fiscal Year Ended April 30, 2014

<u>General Obligation Bonds</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Series 2005	\$1,014,000	\$0	\$1,014,000
Series 2010A	\$9,100,000	\$0	\$9,100,000
Series 2010B	\$830,000	\$0	\$830,000
Series 2010C	0	845,000	845,000
Series 2011	2,650,000	0	2,650,000
Total	<u>\$13,594,000</u>	<u>\$845,000</u>	<u>\$14,439,000</u>

During the year the Village's total outstanding debt decreased by \$730,000. All the decrease was attributed to retirements of general obligation bonds. There were no new issuances during the fiscal year 2014.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General economic conditions are expected to improve in the fiscal year beginning May 1, 2014 and ending April 30, 2015. However, it is anticipated that no new development will occur in the near future. Although economic revenues are balanced with property tax revenues, certain tax revenues that are impacted by the economy will need to be monitored carefully, such as sales and income tax. Both revenue sources are expected to increase in the upcoming year.

In addition, Village officials considered many factors when setting the fiscal year 2014-2015 budget and the associated property tax rates and charges for services. These factors include anticipated consumer priced indexed costs, economic driven revenue sources, completion of capital projects along with future projects, larger contracts that may be up for renewal, and an assessment of future staffing needs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Round Lake for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Shane D. Johnson, Finance Director, Village of Round Lake, 442 N. Cedar Lake Road, Round Lake, IL 60073.



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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Round Lake, Illinois (the Village) as of and for the year ended April 30, 2014, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1d; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

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 Village'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 Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village, as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1d.

Basis of Accounting

We draw attention to Note 1d of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The management discussion and analysis, combining and individual nonmajor fund financial statements and schedules, and the supplementary data are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management discussion and analysis and supplementary data 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 them.

Naperville, Illinois
October 8, 2014



**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 9,013,654	\$ 4,115,111	\$ 13,128,765
Investments	980,415	3,294,334	4,274,749
Due from fiduciary funds	33	-	33
Capital assets not being depreciated	12,988,101	786,395	13,774,496
Capital assets (net of accumulated depreciation)	23,964,856	32,849,562	56,814,418
Total assets	46,947,059	41,045,402	87,992,461
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	774,051	-	774,051
Total deferred outflows of resources	774,051	-	774,051
LIABILITIES			
Escrow deposits	18,202	-	18,202
Other liabilities	-	50,622	50,622
Noncurrent liabilities			
Due within one year	629,000	110,000	739,000
Due within more than one year	13,093,946	735,000	13,828,946
Total liabilities	13,741,148	895,622	14,636,770
NET POSITION			
Net investment in capital assets	24,004,062	32,790,957	56,795,019
Restricted for			
Public safety	140,326	-	140,326
Streets	1,566,642	-	1,566,642
Working cash	673,563	-	673,563
Debt service	51,980	-	51,980
Specific purposes	118,062	-	118,062
Unrestricted	7,425,327	7,358,823	14,784,150
TOTAL NET POSITION	\$ 33,979,962	\$ 40,149,780	\$ 74,129,742

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2014

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 2,180,910	\$ 974,774	\$ -	\$ -
Public safety	3,513,671	197,556	16,920	-
Public works	949,236	-	645,445	93,882
Community development	250,786	-	-	-
Interest	615,911	-	-	-
Total governmental activities	7,510,514	1,172,330	662,365	93,882
Business-Type Activities				
Water and sewer	4,348,642	3,883,633	-	-
Parking lot	52,144	86,166	-	-
Total business-type activities	4,400,786	3,969,799	-	-
TOTAL PRIMARY GOVERNMENT	\$ 11,911,300	\$ 5,142,129	\$ 662,365	\$ 93,882

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (1,206,136)	\$ -	\$ (1,206,136)
	(3,299,195)	-	(3,299,195)
	(209,909)	-	(209,909)
	(250,786)	-	(250,786)
	(615,911)	-	(615,911)
	<u>(5,581,937)</u>	-	<u>(5,581,937)</u>
	-	(465,009)	(465,009)
	-	34,022	34,022
	-	(430,987)	(430,987)
	<u>(5,581,937)</u>	<u>(430,987)</u>	<u>(6,012,924)</u>
General Revenues			
Taxes			
Property	3,491,128	-	3,491,128
Replacement	25,450	-	25,450
Sales	469,299	-	469,299
Utility	943,776	-	943,776
Other	338,229	-	338,229
State-shared income taxes	1,768,456	-	1,768,456
Impact and traffic fees	53,580	-	53,580
Investment income	7,798	15,384	23,182
Miscellaneous	169,943	112,650	282,593
	<u>7,267,659</u>	<u>128,034</u>	<u>7,395,693</u>
CHANGE IN NET POSITION	1,685,722	(302,953)	1,382,769
NET POSITION, MAY 1	<u>32,294,240</u>	<u>40,452,733</u>	<u>72,746,973</u>
NET POSITION, APRIL 30	<u>\$ 33,979,962</u>	<u>\$ 40,149,780</u>	<u>\$ 74,129,742</u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH BASIS
GOVERNMENTAL FUNDS

April 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
ASSETS				
Cash	\$ 5,010,623	\$ 1,175,787	\$ 2,409,029	\$ 8,595,439
Investments	880,016	99,181	1,218	980,415
Due from fiduciary funds	33	-	-	33
TOTAL ASSETS	\$ 5,890,672	\$ 1,274,968	\$ 2,410,247	\$ 9,575,887
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Escrow deposits	\$ 18,202	\$ -	\$ -	\$ 18,202
Total liabilities	18,202	-	-	18,202
FUND BALANCES				
Restricted				
Public safety	140,326	-	-	140,326
Streets	-	-	1,566,642	1,566,642
Working cash	-	-	673,563	673,563
Debt service	-	-	51,980	51,980
Specific purposes	-	-	118,062	118,062
Assigned				
Specific purposes	-	1,274,968	-	1,274,968
Unrestricted				
Unassigned	5,732,144	-	-	5,732,144
Total fund balances	5,872,470	1,274,968	2,410,247	9,557,685
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,890,672	\$ 1,274,968	\$ 2,410,247	\$ 9,575,887

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

**RECONCILIATION OF FUND BALANCES ARISING FROM CASH BASIS
OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES
IN THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

April 30, 2014

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 9,557,685
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	36,952,957
Less amount reported in internal service funds below	(233,077)
Unamortized loss on refunding is reported as a deferred outflow of resources on the statement of net position	774,051
Long-term liabilities, including installment contracts, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(13,722,946)
The net position of internal service funds are included in the governmental activities in the statement of net position	<u>651,292</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 33,979,962</u></u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2014

	General	Capital Projects	Nonmajor Governmental	Total
REVENUES COLLECTED				
Taxes	\$ 3,458,935	\$ 121,416	\$ 854,554	\$ 4,434,905
Intergovernmental	2,618,354	78,605	661,295	3,358,254
Licenses and permits	155,678	-	-	155,678
Fines	196,108	-	-	196,108
Charges for service	582,777	-	-	582,777
Impact fees	-	53,580	-	53,580
Investment income	5,917	1,491	390	7,798
Miscellaneous	392,703	14,433	-	407,136
Total revenues collected	7,410,472	269,525	1,516,239	9,196,236
EXPENDITURES PAID				
Current				
General government	1,831,245	80,785	23,846	1,935,876
Public safety	3,372,262	-	-	3,372,262
Public works	911,566	-	37,320	948,886
Community development	274,997	-	-	274,997
Capital outlay	70,933	554,070	384,065	1,009,068
Debt service				
Principal retirement	-	-	620,000	620,000
Interest and fiscal charges	-	-	564,620	564,620
Total expenditures paid	6,461,003	634,855	1,629,851	8,725,709
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	949,469	(365,330)	(113,612)	470,527
OTHER FINANCING SOURCES (USES)				
Transfers in	-	700,000	750,000	1,450,000
Transfers (out)	(1,450,000)	-	-	(1,450,000)
Total other financing sources (uses)	(1,450,000)	700,000	750,000	-
NET CHANGE IN FUND BALANCES	(500,531)	334,670	636,388	470,527
FUND BALANCES, MAY 1	6,373,001	940,298	1,773,859	9,087,158
FUND BALANCES, APRIL 30	\$ 5,872,470	\$ 1,274,968	\$ 2,410,247	\$ 9,557,685

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES
COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES -
CASH BASIS - TO THE GOVERNMENTAL ACTIVITIES IN
THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 470,527
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	975,194
Proceeds from the disposal of capital assets is reported in the governmental funds, but gain or loss on the disposal of capital assets is calculated and reported in the statement of activities	(32,467)
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	
Depreciation	(700,522)
Amortization	(51,291)
Less amount reported in internal service funds below	33,440
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	620,000
The change in net position of internal service funds is in governmental funds	<u>370,841</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,685,722</u></u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

**STATEMENT OF ASSETS, LIABILITIES AND NET POSITION
ARISING FROM MODIFIED CASH BASIS
PROPRIETARY FUNDS**

April 30, 2014

	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
ASSETS				
Cash	\$ 3,784,968	\$ 330,143	\$ 4,115,111	\$ 418,215
Investments	3,294,334	-	3,294,334	-
Capital assets not being depreciated	686,395	100,000	786,395	-
Capital assets (net of accumulated depreciation)	32,849,562	-	32,849,562	233,077
Total assets	40,615,259	430,143	41,045,402	651,292
LIABILITIES				
Current liabilities				
Other liabilities	50,622	-	50,622	-
Noncurrent liabilities				
Due within one year	110,000	-	110,000	-
Due within more than one year	735,000	-	735,000	-
Total liabilities	895,622	-	895,622	-
NET POSITION				
Net investment in capital assets	32,690,957	100,000	32,790,957	233,077
Unrestricted	7,028,680	330,143	7,358,823	418,215
TOTAL NET POSITION	\$ 39,719,637	\$ 430,143	\$ 40,149,780	\$ 651,292

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS**

For the Year Ended April 30, 2014

	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
OPERATING REVENUES				
Charges for services	\$ 3,883,633	\$ 86,166	\$ 3,969,799	\$ -
Interfund contributions	-	-	-	379,892
Miscellaneous	112,650	-	112,650	-
Total operating revenues	<u>3,996,283</u>	<u>86,166</u>	<u>4,082,449</u>	<u>379,892</u>
OPERATING EXPENSES				
Operations	<u>3,192,732</u>	<u>52,144</u>	<u>3,244,876</u>	<u>14,332</u>
Total operating expenses	<u>3,192,732</u>	<u>52,144</u>	<u>3,244,876</u>	<u>14,332</u>
OPERATING INCOME				
BEFORE DEPRECIATION	803,551	34,022	837,573	365,560
Depreciation	<u>1,127,112</u>	<u>-</u>	<u>1,127,112</u>	<u>33,440</u>
OPERATING INCOME (LOSS)	<u>(323,561)</u>	<u>34,022</u>	<u>(289,539)</u>	<u>332,120</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	15,353	31	15,384	33
Insurance reimbursement	-	-	-	37,658
Intergovernmental	-	-	-	1,030
Interest expense	<u>(28,798)</u>	<u>-</u>	<u>(28,798)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(13,445)</u>	<u>31</u>	<u>(13,414)</u>	<u>38,721</u>
CHANGE IN NET POSITION	<u>(337,006)</u>	<u>34,053</u>	<u>(302,953)</u>	<u>370,841</u>
NET POSITION, MAY 1	<u>40,056,643</u>	<u>396,090</u>	<u>40,452,733</u>	<u>280,451</u>
NET POSITION, APRIL 30	<u>\$ 39,719,637</u>	<u>\$ 430,143</u>	<u>\$ 40,149,780</u>	<u>\$ 651,292</u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended April 30, 2014

	Water and Sewer	Nonmajor Enterprise	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,004,056	\$ 86,166	\$ 4,090,222	\$ -
Receipts from interfund services	-	-	-	379,892
Receipts from miscellaneous	-	-	-	37,658
Payments to suppliers	(3,104,021)	(52,144)	(3,156,165)	(14,332)
Payments for interfund services	(88,711)	-	(88,711)	-
Net cash from operating activities	811,324	34,022	845,346	403,218
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental receipts	-	-	-	1,030
Net cash from noncapital financing activities	-	-	-	1,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(1,057,266)	-	(1,057,266)	(196,875)
Bond principal payments	(110,000)	-	(110,000)	-
Bond interest payments	(28,798)	-	(28,798)	-
Net cash from capital and related financing activities	(1,196,064)	-	(1,196,064)	(196,875)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	15,353	31	15,384	33
Purchase of investments	(3,294,334)	-	(3,294,334)	-
Net cash from investing activities	(3,278,981)	31	(3,278,950)	33
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,663,721)	34,053	(3,629,668)	207,406
CASH AND CASH EQUIVALENTS, MAY 1	7,448,689	296,090	7,744,779	210,809
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 3,784,968	\$ 330,143	\$ 4,115,111	\$ 418,215
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (323,561)	\$ 34,022	\$ (289,539)	\$ 332,120
Other miscellaneous receipts	-	-	-	37,658
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	1,127,112	-	1,127,112	33,440
Other liabilities	7,773	-	7,773	-
NET CASH FROM OPERATING ACTIVITIES	\$ 811,324	\$ 34,022	\$ 845,346	\$ 403,218

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

**STATEMENT OF ASSETS, LIABILITIES AND NET POSITION
ARISING FROM MODIFIED CASH BASIS
FIDUCIARY FUNDS**

April 30, 2014

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 344,630	\$ 1,451,421
Investments		
U.S. Treasury obligations	1,129,957	-
U.S. agency obligations	739,967	-
Corporate bonds	630,788	-
Money market mutual funds	179,894	-
Mutual funds	2,523,787	-
	<hr/>	<hr/>
Total assets	5,549,023	\$ 1,451,421
	<hr/>	<hr/>
LIABILITIES		
Deposits payable	-	\$ 60,697
Due to other funds	-	33
Other payables	-	1,390,691
	<hr/>	<hr/>
Total liabilities	-	\$ 1,451,421
	<hr/>	<hr/>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<hr/>	
	\$ 5,549,023	
	<hr/>	

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PENSION TRUST FUND**

For the Year Ended April 30, 2014

ADDITIONS

Contributions - employer	\$ 427,638
Contributions - employee	<u>164,392</u>
Total contributions	<u>592,030</u>
Investment income	
Net appreciation in fair value of investments	354,297
Interest earned on investments	<u>65,615</u>
Total investment income	419,912
Less investment expense	<u>(19,886)</u>
Net investment income	<u>400,026</u>
Total additions	<u>992,056</u>

DEDUCTIONS

Benefits and refunds	
Retirement pension	258,273
Disability pension	84,234
Refund of contribution	97,415
Administrative	<u>15,725</u>
Total deductions	<u>455,647</u>

NET INCREASE 536,409

**NET POSITION HELD IN TRUST FOR
PENSION BENEFITS**

May 1	<u>5,012,614</u>
April 30	<u>\$ 5,549,023</u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Round Lake, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)), except as described in Note 1d. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Reporting Entity

The Village is a body corporate and politic established under Illinois Compiled Statutes (ILCS) governed by an elected Mayor/Board of Trustees. These financial statements present the Village and its component units as required by GAAP.

The Village's financial statements include a pension trust fund:

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one pension beneficiary elected by the membership and two police employees elected by the membership constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund.

b. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds) and the management of funds held in trust where the interest earnings can be used for governmental services (permanent fund). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Village utilizes a pension trust fund which is generally used to account for assets that the Village holds in a fiduciary capacity and agency funds which are used to account for funds held by the Village in an agent capacity.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those accounted for in another fund.

The Capital Projects Fund is used to account for resources assigned for village-wide capital projects. The Village has elected to report this fund as major.

The Village reports the following major proprietary funds:

The Water and Sewer Fund accounts for the provision of water and wastewater services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund.

The Village reports a pension trust fund as a fiduciary fund to account for the Police Pension Fund and agency funds for special service areas and impact fees.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary and fiduciary financial statements are reported using the economic resources measurement focus and using the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recorded at the time of receipt by the Village. Expenses are recorded when the funds are disbursed. Depreciation of capital assets has also been shown on the government-wide financial statements. Payroll withholdings from employees and escrow deposits are reflected on the statement of net position and balance sheets as liabilities. Other liabilities are primarily credit balances in customer accounts. Finally, debt payable and the unamortized loss on refunding related to capital assets are reflected as liabilities and deferred outflows of resources, respectively, on the statement of net position and proprietary fund balance sheet. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recorded at the time of receipt by the Village. Expenditures are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

e. Cash and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, non-negotiable certificates of deposit and investments with a maturity of less than one year at date of purchase are stated at amortized cost. All other investments are stated at fair value. All investments of the pension trust fund are stated at fair value. Fair value has been based on quoted market prices at April 30, 2014 for debt and equity securities.

f. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet/statement of net position. Short-term interfund loans, if any, are classified as “interfund receivables/payables.” Long-term portions are classified as “advances from other funds” or “advances to other funds.”

g. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$5,000 (except for land which has no threshold) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20-45
Equipment and vehicles	5-10
Water and sewer infrastructure	30-50
Other infrastructure	10-50

h. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Principal payments on long-term debt are recorded as expenditures in the fund financial statements but as a reduction of a liability on the government-wide and proprietary fund statements.

i. Fund Balance/Net Position

In the fund financial statements, governmental funds can report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village Administrator; however, this has not been authorized through a formal policy. Any residual fund balance in the General Fund is reported as unassigned.

The Village's flow of funds assumption specified that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fund Balance/Net Position (Continued)

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes 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.

2. DEPOSITS AND INVESTMENTS

The Village's investment policy authorizes the Village to invest in debt securities guaranteed by the United States (explicitly or implicitly), interest-bearing savings and money market accounts (also interest-bearing time deposits if FDIC insured and credit if main office is located in Illinois), interest-bearing certificates of deposit and Illinois Funds (a money market fund created by the state legislature under the control of the State Treasurer that maintains a \$1 share value).

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds using "good judgment and care" for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

The Village maintains a cash pool that is available for use by all funds. In addition, cash and investments are separately held by several of the Village's funds.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral at a minimum of 110% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the Village in the Village's name.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Village Investments

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to meet daily cash flow requirements for ongoing operations in order to maximize yield on longer term investments by avoiding having to sell securities on the open market before maturity and by investing operating funds in shorter term securities, money market mutual funds or external investment pools.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party custodian evidenced by safekeeping receipts. As of April 30, 2014, the investments were being held by the Village's counterparty, which is not in accordance with the investment policy.

Concentration of credit risk is the risk that the Village has too high a percentage of their investments invested in one type of investment. The Village's investment policy requires diversification of investment to avoid unreasonable risk.

The following table presents the investments and maturities of the Village's debt securities as of April 30, 2014:

	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Treasury	\$ 1,246,875	\$ 200,172	\$ 1,046,703	\$ -	\$ -
U.S. agency securities	2,706,126	1,449,615	1,256,511	-	-
TOTAL	\$ 3,953,001	\$ 1,649,787	\$ 2,303,214	\$ -	\$ -

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in Illinois Funds. Illinois Funds is rated AA. The U.S. Treasury and U.S. Agency Securities are rated AAA.

Police Pension Investments

The Police Pension Fund's investment policy authorizes the fund to invest in instruments allowable under Illinois statutes and limits the equity investments to 45% of the net asset market value.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Police Pension Investments (Continued)

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2014:

	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	Greater Than 10
U.S. Treasury	\$ 1,129,957	\$ 247,352	\$ 436,060	\$ 446,545	\$ -
U.S. agency securities	739,967	45,931	209,682	16,183	468,171
Corporate bonds	630,788	183,827	359,681	87,280	-
TOTAL	\$ 2,500,712	\$ 477,110	\$ 1,005,423	\$ 550,008	\$ 468,171

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to meet daily cash flow requirements for ongoing operations in order to maximize yield on longer term investments by avoiding having to sell securities on the open market before maturity and by investing operating funds in shorter term securities, money market mutual funds or external investment pools. The Police Pension Fund's investment policy requires that securities purchased will not have a maturity of more than one year unless matched to a specific cash flow.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in investments approved by the Illinois Pension Code. The U.S. agency obligations and money market mutual funds are rated AA. The corporate bonds are rated A3 to AA2.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The Police Pension Fund's investment policy is silent, as to custodial credit risk, and the counterparty currently holds the investments. This is partially mitigated by the counterparty's SIPC and excess SIPC insurance, which may not be sufficient to cover 100% of the portfolio.

Concentration of credit risk is the risk that the Police Pension Fund has too high a percentage of their investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the Village.

- The property tax lien date is January 1;
- Property taxes are due to the County Collector in two installments, June 1 and September 1; and
- Property taxes for 2013 were levied in December 2013 and are normally received monthly beginning in June and generally ending by December 2014.

4. CAPITAL ASSETS

Governmental Activities

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

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 12,026,483	\$ -	\$ -	\$ 12,026,483
Construction in progress	1,007,978	924,547	970,907	961,618
Total capital assets not being depreciated	<u>13,034,461</u>	<u>924,547</u>	<u>970,907</u>	<u>12,988,101</u>
Capital assets being depreciated				
Buildings	9,865,131	-	-	9,865,131
Land improvements	877,587	-	-	877,587
Vehicles and equipment	1,969,178	247,522	97,678	2,119,022
Infrastructure	16,900,395	970,907	-	17,871,302
Total capital assets being depreciated	<u>29,612,291</u>	<u>1,218,429</u>	<u>97,678</u>	<u>30,733,042</u>
Less accumulated depreciation for				
Buildings	1,843,374	227,425	-	2,070,799
Land improvements	497,179	34,252	-	531,431
Vehicles and equipment	1,722,089	84,357	65,211	1,741,235
Infrastructure	2,070,233	354,488	-	2,424,721
Total accumulated depreciation	<u>6,132,875</u>	<u>700,522</u>	<u>65,211</u>	<u>6,768,186</u>
Total capital assets being depreciated, net	<u>23,479,416</u>	<u>517,907</u>	<u>32,467</u>	<u>23,964,856</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 36,513,877</u>	<u>\$ 1,442,454</u>	<u>\$ 1,003,374</u>	<u>\$ 36,952,957</u>

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Governmental Activities (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 280,476
Public safety	363,283
Public works	55,014
Community development	<u>1,749</u>
TOTAL	<u>\$ 700,522</u>

Business-Type Activities

Business-type capital asset activity for the year ended April 30, 2014 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	\$ 563,396	\$ 785,140	\$ 692,141	\$ 656,395
Land	130,000	-	-	130,000
Total capital assets not being depreciated	<u>693,396</u>	<u>785,140</u>	<u>692,141</u>	<u>786,395</u>
Capital assets being depreciated				
Infrastructure	42,954,521	738,272	-	43,692,793
Vehicles and equipment	696,003	225,996	41,050	880,949
Total capital assets being depreciated	<u>43,650,524</u>	<u>964,268</u>	<u>41,050</u>	<u>44,573,742</u>
Less accumulated depreciation for				
Infrastructure	10,026,346	1,080,747	-	11,107,093
Vehicles and equipment	611,772	46,365	41,050	617,087
Total accumulated depreciation	<u>10,638,118</u>	<u>1,127,112</u>	<u>41,050</u>	<u>11,724,180</u>
Total capital assets being depreciated, net	<u>33,012,406</u>	<u>(162,844)</u>	<u>-</u>	<u>32,849,562</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 33,705,802</u>	<u>\$ 622,296</u>	<u>\$ 692,141</u>	<u>\$ 33,635,957</u>

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT

A summary of long-term debt of the Village for the year ended April 30, 2014 consisted of the following:

a. General Obligation Bonds

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
General Obligation (Alternate Revenue Source) Bonds, Series 2005, are due in annual installments ranging from \$35,000 to \$275,000 through January 1, 2018, interest rates range from 2.6% to 4.1%, and payments are due semiannually on January 1 and July 1.	2005 Bonds Debt Service	\$ 1,239,000	\$ -	\$ 225,000	\$ 1,014,000	\$ 234,000
General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2010A, are due in annual installments ranging from \$50,000 to \$1,320,000 through January 1, 2029, interest rates range from 3.60% to 4.65%, and payments are due semiannually on January 1 and July 1.	2010 Bonds Debt Service	9,100,000	-	-	9,100,000	-
General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2010B, are due in annual installments ranging from \$105,000 to \$255,000 through January 1, 2021, interest rates range from 2.25% to 3.60%, and payments are due semiannually on January 1 and July 1.	2010 Bonds Debt Service	940,000	-	110,000	830,000	110,000
General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2010C, are due in annual installments ranging from \$105,000 to \$135,000 through January 1, 2021, interest rates range from 2.0% to 3.7%, and payments are due semiannually on January 1 and July 1.	Water and Sewer	955,000	-	110,000	845,000	110,000

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2011, are due in annual installments ranging from \$20,000 to \$500,000 through January 1, 2022, interest rates range from 2.00% to 4.00%, and payments are due semiannually on January 1 and July 1.	2011 Bonds Debt Service	\$ 2,935,000	\$ -	\$ 285,000	\$ 2,650,000	\$ 285,000
TOTAL		\$ 15,169,000	\$ -	\$ 730,000	\$ 14,439,000	\$ 739,000

b. Long-Term Liabilities Summarized

Transactions for the year ended April 30, 2014 are summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 14,214,000	\$ -	\$ 620,000	\$ 13,594,000	\$ 629,000
Unamortized premium on bonds	145,064	-	16,118	128,946	-
Total governmental activities	14,359,064	-	636,118	13,722,946	629,000
Business-Type Activities					
General obligation bonds	955,000	-	110,000	845,000	110,000
Total business-type activities	955,000	-	110,000	845,000	110,000
TOTAL GOVERNMENT	\$ 15,314,064	\$ -	\$ 746,118	\$ 14,567,946	\$ 739,000

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

c. Debt Service to Maturity

The annual requirements to amortize all debt outstanding of the Village as of April 30, 2014 are as follows:

Bonds

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 629,000	\$ 545,835	\$ 1,174,835	\$ 110,000	\$ 25,808	\$ 135,808
2016	645,000	526,765	1,171,765	115,000	23,333	138,333
2017	725,000	506,635	1,231,635	115,000	20,458	135,458
2018	755,000	481,885	1,236,885	120,000	17,583	137,583
2019	625,000	455,785	1,080,785	125,000	13,683	138,683
2020-2024	4,625,000	1,802,339	6,427,339	260,000	14,615	274,615
2025-2029	5,590,000	803,669	6,393,669	-	-	-
TOTAL	\$13,594,000	\$ 5,122,913	\$ 18,716,913	\$ 845,000	\$ 115,480	\$ 960,480

d. Special Service Area Debt without Village Obligation

Special Service Area #1 - The Village issued special tax bonds in the fiscal year ended 2003 in the amount of \$12,600,000 for improvements within Special Service Area (SSA) #1. During the fiscal year ended 2007, the Village, as agent for Lakewood Grove Special Service Area #1 issued Special Tax Refunding Bonds, Series 2007 with a face value of \$13,000,000, bearing interest ranging from 5% to 9%. A portion of the sale of the bonds has been deposited into an escrow account to be used to advance refund the Prior SSA One Bonds. These bonds are payable by tax levy from the SSA #1 only, and are not village obligations. No SSA One Bonds were outstanding at April 30, 2014, and Refunding Bonds outstanding at April 30, 2014 were \$11,935,000.

Special Service Area #3 - The Village issued special tax bonds in the fiscal year ended 2004 in the amount of \$3,570,000 for improvements within SSA #3. During the fiscal year ended 2007, the Village, as agent for Lakewood Grove Special Service Area #3 issued Special Tax Refunding Bonds, Series 2007 with a face value of \$4,040,000 bearing interest ranging from 4.7% to 5.5%. A portion of the sale of the bonds has been deposited into an escrow account to be used to advance refund Prior SSA Three Bonds. These bonds are payable by tax levy from the SSA #3 only, and are not village obligations. No SSA Three Bonds were outstanding at April 30, 2014, and Refunding Bonds outstanding at April 30, 2014 were \$3,605,000.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

d. Special Service Area Debt without Village Obligation (Continued)

Special Service Area #4 - The Village issued special tax bonds in the fiscal year ended 2004 in the amount of \$5,040,000 for improvements within SSA #4. During the fiscal year ended 2007, the Village, as agent for Lakewood Grove Special Service Area #4 issued Special Tax Refunding Bonds, Series 2007 with a face value of \$5,750,000 and an interest rate of 6.75%. A portion of the sale of the bonds has been deposited into an escrow account to be used to advance refund Prior SSA Four Bonds. These bonds are payable by tax levy from the SSA #4 only, and are not village obligations. No SSA Four Bonds were outstanding at April 30, 2014, and Refunding Bonds outstanding at April 30, 2014 were \$5,119,000.

These Special Service Area Bonds are treated as special service area no commitment debt without village obligation. The Village acts only as an agent for the property owners in collecting property taxes and forwarding payments to the bond paying agent. Transactions are recorded in an agency fund. The bonds are not reflected in long-term debt.

e. Alternate Revenue Bonds

The Village has pledged future simplified telecommunications tax, electric utility tax and natural gas tax revenues (collectively, the utility taxes) to repay the General Obligation (Alternate Revenue Source) Bonds, Series 2005 and the General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2010A, 2010B and 2011. The bonds are payable from the utility taxes and ad valorem taxes and are payable through 2029. The total principal and interest remaining to be paid on the bonds is \$18,716,910. Principal and interest paid for the current year and total net revenues, excluding ad valorem taxes, were \$908,045 and \$943,776, respectively. The current year pledge of \$908,045 was 96.2% of the pledged utility taxes.

The Village has pledged future water and sewer revenue to repay the General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2010C. The bonds are payable from the water and sewer revenues and ad valorem taxes and are payable through 2021. The total principal and interest remaining to be paid on the bonds is \$960,478. Principal and interest paid for the current year and total net revenues were \$138,283 and \$3,883,575, respectively. The current year of \$138,283 was 3.6% of the pledged water and sewer revenues.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. INTERFUND ACTIVITY

Interfund transfers during the year ended April 30, 2014 consisted of the following:

	Transfer In	Transfer Out
General Fund	\$ -	\$ 1,450,000
Capital Projects Fund	700,000	-
Nonmajor Governmental Funds	750,000	-
TOTAL	\$ 1,450,000	\$ 1,450,000

Significant transfers between funds for the year ended April 30, 2014 consist of the following:

- \$700,000 and \$400,000 transferred to the Capital Projects Fund and a nonmajor governmental fund, respectively, from the General Fund to support future capital projects, \$350,000 of the transfer to a nonmajor governmental fund to support debt service payments. The transfers will not be repaid.

Interfund payables and receivables at April 30, 2014 consisted of the following:

	Payable Fund	Receivable Fund
General Fund	\$ -	\$ 33
Agency Funds	33	-
TOTAL	\$ 33	\$ 33

Interfund payables and receivables at April 30, 2014 consist of the following:

- \$33 payable to the General Fund from Agency Funds represents interest earned on cash balances in those funds. Repayment is expected within one year.

7. RISK MANAGEMENT

The Village purchases property, auto, general liability, public officials bonds and health, dental, vision and life insurance from various insurance brokers for the benefit of its employees. Losses have not exceeded coverage in the current year or the preceding two years.

Illinois Public Risk Fund

The Village participates in the Illinois Public Risk Fund (IPRF). IPRF is an organization of Illinois municipalities and special districts in Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its workers' compensation needs.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. COMMITMENTS AND CONTINGENCIES

a. Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

b. Grants

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

c. The Village's contract with Solid Waste Agency of Lake County (SWALCO) provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

d. Construction Contracts

The Village has entered into contracts for the construction or renovation of various facilities as follows:

	Purpose	Expended to Date	Total Commitment
Hart and Sunset Road	Reconstruct roads and storm sewers	\$ -	\$ 1,435,346
Long Lake Drive	Street resurfacing	379,113	384,900
Lincoln Avenue Watermain	Watermain replacement	435,942	459,415
Washington Street Sewer Lining	Lining of sewers	129,213	159,479
Washington Street Watermain	Watermain replacement	-	777,917

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. JOINT VENTURES

Solid Waste Agency of Lake County (SWALCO)

Description of Joint Venture

The Village is a member of SWALCO, which consists of 42 municipalities. SWALCO is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SWALCO is empowered under the Act to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members.

The members form a contiguous geographic service area, which is located in Lake County. Under the Agency Agreement, additional members may join SWALCO upon the approval of each member.

SWALCO is governed by a Board of Directors, which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of SWALCO are appointed by the Board of Directors. The Board of Directors determines the general policy of SWALCO; makes all appropriations; approves contracts; adopts resolutions providing for the issuance of bonds or notes by SWALCO; adopts by-laws, rules and regulations; and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the by-laws.

SWALCO is an oversight advisory board providing long-range planning services to member municipalities. The Village is a participant in SWALCO, but no agreement has been reached as to services to be provided. The Village made no payments to SWALCO during the current fiscal year.

Complete financial statements can be obtained from the Solid Waste Agency of Lake County, 1300 N. Skokie Highway, Suite 103, Gurnee, Illinois 60031.

The Village does not have an equity interest in SWALCO at April 30, 2014.

CenCom E-911 Joint Emergency Telephone System (CenCom)

The Village is a member of CenCom E-911 Joint Emergency Telephone System (CenCom). The Village's contribution to CenCom is reflected as an operating disbursement of the General Fund.

The purpose of the joint agreement is to provide joint and mutual operation of an E-911 emergency telephone system.

9. JOINT VENTURES (Continued)

CenCom E-911 Joint Emergency Telephone System (CenCom) (Continued)

At April 30, 2014, CenCom had eight members. Each member is represented on the Board of Directors, which governs CenCom and establishes the budget.

CenCom is financed by a telephone surcharge. In addition, participating members pay a share of operating costs for dispatching services. Payments to CenCom during the current fiscal year totaled \$240,591. The entity is not considered a component unit of the Village.

10. EMPLOYEE RETIREMENT SYSTEMS

a. Plan Descriptions and Provisions

The Village contributes to three defined benefit pension plans (collectively referred to as the Pension Plans), the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Sheriff's Law Enforcement Personnel Fund (SLEP), which is administered by IMRF and is also an agent multiple-employer public employee retirement system; and the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. The Pension Plans do not issue separate reports on the plans. However, IMRF issues a publicly available report that includes financial statements and required supplementary information for the plan as a whole, but not for individual employers. Those reports can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund (IMRF)

All employees (other than those covered by SLEP or the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. IMRF also provides death and disability benefits.

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Illinois Municipal Retirement Fund (IMRF) (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the coverage of its own employees in the system, using the actuarial basis specified by state statute (entry-age normal). The employer required annual contribution rate for the calendar year 2013 was 11.94% of covered payroll.

Sheriff's Law Enforcement Personnel

Sheriff's Law Enforcement Personnel (SLEP) having accumulated at least 20 years of SLEP service and terminating IMRF participation or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings for each year of credited service up to 20 years, 2% of their final earnings rate for the next ten years of credited service and 1% for each year thereafter. For SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS. Participating members are required to contribute 7.5% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund SLEP as specified by statute. The employer required annual contribution rate for the calendar year 2013 was 0% of covered payroll as the Village had no participants in SLEP.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by ILCS (Chapter 40 - Article 5/3) and can be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At April 30, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits but not yet receiving them	0
Current employees	
Vested	8
Nonvested	13
	<hr/>
TOTAL	<u>29</u>

The following is a summary of the Police Pension Plan as provided for in ILCS.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan (Continued)

Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. The Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033. The employer contribution for the fiscal year ended April 30, 2014 was 26.73% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The financial statements are prepared using the modified cash basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee contributions are withheld and the employer contributions are received.

Method Used to Value Investments: Investments are reported at fair value. Investment income is recognized as earned.

Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Significant Investments: There were no investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represents 5% or more of net position available for benefits.

Related Party Transactions: There were no securities of the employer or any other related parties included in plan assets, including any loans.

Administrative costs for the Police Pension Plan are financed primarily through investment earnings.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost

Employer contributions have been determined as follows:

	Sheriff's Law Enforcement Personnel	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2011	December 31, 2011	April 30, 2012
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	30 Years, Open	28 Years, Closed
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	4.00% Compounded Annually	5.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 10.00%	.40% to 10.00%	Not Available

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

Employer annual pension cost (APC) actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	For Fiscal Year	Sheriff's Law Enforcement Personnel	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2012	N/A	\$ 164,453	\$ 462,910
	2013	N/A	150,005	438,745
	2014	N/A	153,533	403,199
Actual contribution	2012	N/A	\$ 164,417	\$ 314,268
	2013	N/A	149,968	395,437
	2014	N/A	153,495	427,638
Percentage of APC contributed	2012	N/A	99.98%	67.89%
	2013	N/A	99.98%	90.13%
	2014	N/A	99.98%	106.06%
NPO (asset)	2012	N/A	\$ 1,725	\$ 366,291
	2013	N/A	1,762	412,221
	2014	N/A	1,800	387,781

A net pension obligation (asset) has not been included in the basic financial statements of the Village, as it is not a requirement for cash basis presentation.

The NPO (asset) has been calculated as follows as of April 30, 2014:

	Illinois Municipal Retirement	Police Pension
Annual required contributions	\$ 153,495	\$ 392,293
Interest on net pension obligation	132	28,855
Adjustment to annual required contribution	(94)	(17,950)
Annual pension cost	153,533	403,198
Contributions made	153,495	427,638
Increase in net pension obligation	38	(24,440)
Net pension obligation, May 1	1,762	412,221
NET PENSION OBLIGATION, APRIL 30	\$ 1,800	\$ 387,781

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

Funded Status and Funding Progress: Based on actuarial valuations as of December 31, 2013 and April 30, 2013, the funded status of the plans as of April 30, 2014 was as follows:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel	Police Pension
Actuarial accrued liability (AAL)	\$ 3,115,667	\$ -	\$ 8,655,213
Actuarial value of plan assets	2,869,113	2,081	5,012,615
Unfunded actuarial accrued liability (UAAL)	246,554	(2,081)	3,642,598
Funded ratio (actuarial value of plan assets/AAL)	92.09%	0.00%	57.91%
Covered payroll (active plan members)	\$ 1,319,714	\$ -	\$ 1,479,479
UAAL as a percentage of covered payroll	18.68%	0.00%	246.21%

11. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the Village's governmental and business-type activities.

b. Benefits Provided

The Village provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's two retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At April 30, 2013, membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>43</u>
 TOTAL	 <u>46</u>
 Participating Employers	 <u>1</u>

d. Funding Policy

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

e. Annual OPEB Costs and Net OPEB Obligation

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2012	\$ 25,365	\$ 9,088	35.83%	\$ 32,688
April 30, 2013	25,449	3,061	12.03%	55,076
April 30, 2014	25,694	13,268	51.64%	67,502

The net OPEB obligation as of April 30, 2014 was calculated as follows:

Annual required contribution	\$ 25,091
Interest on net OPEB obligation	2,401
Adjustment to annual required contribution	<u>(1,798)</u>
 Annual OPEB cost	 25,694
Contributions made	<u>13,268</u>
 Increase in net OPEB obligation	 12,426
Net OPEB obligation, beginning of year	<u>55,076</u>
 NET OPEB OBLIGATION, END OF YEAR	 <u>\$ 67,502</u>

VILLAGE OF ROUND LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

A net other postemployment benefit obligation (asset) has not been included in the basic financial statements of the Village, as it is not a requirement for cash basis presentation.

Funded Status and Funding Progress: The funded status of the Plan as of April 30, 2013 was as follows:

Actuarial accrued liability (AAL)	\$	285,903
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		285,903
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	2,707,531
UAAL as a percentage of covered payroll		10.56%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the April 30, 2013 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included no investment rate of return and an initial healthcare cost trend rate of 8% with an ultimate healthcare inflation rate of 5%. Both rates include a 3% inflation assumption and 4.5% wage inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013 was 30 years.

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

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
REVENUES COLLECTED		
Property taxes	\$ 3,002,813	\$ 3,458,935
Charges for service	575,650	582,777
Licenses and permits	76,218	155,678
Intergovernmental	2,553,930	2,618,354
Fines	190,000	196,108
Franchise fees	233,000	237,768
Investment income	15,000	5,917
Miscellaneous income	102,400	154,935
Total revenues collected	6,749,011	7,410,472
EXPENDITURES PAID		
Current		
General government	1,827,093	1,831,245
Public safety	3,115,212	3,372,262
Public works	928,554	911,566
Community development	276,718	274,997
Capital outlay	118,795	70,933
Total expenditures paid	6,266,372	6,461,003
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	482,639	949,469
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(1,450,000)	(1,450,000)
NET CHANGE IN FUND BALANCE	\$ (967,361)	(500,531)
FUND BALANCE, MAY 1		6,373,001
FUND BALANCE, APRIL 30		\$ 5,872,470

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES PAID -
BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
EXPENDITURES PAID		
General government		
Administration		
Personal services	\$ 354,549	\$ 309,204
Taxes, pensions and insurance	95,875	86,879
Contractual services	1,304,794	1,362,824
Commodities	9,008	9,386
Repairs and replacement	42,623	48,120
Miscellaneous	20,244	14,832
	<hr/>	<hr/>
Total administration	1,827,093	1,831,245
	<hr/>	<hr/>
Capital outlay	5,303	5,809
	<hr/>	<hr/>
Public safety		
Police		
Personal services	1,998,357	1,924,443
Taxes, pensions and insurance	382,050	803,225
Contractual services	401,293	374,260
Commodities	107,346	86,476
Repairs and replacement	66,044	30,805
Miscellaneous	160,122	153,053
	<hr/>	<hr/>
Total police	3,115,212	3,372,262
	<hr/>	<hr/>
Capital outlay	14,937	10,301
	<hr/>	<hr/>
Public works		
Public works department		
Personal services	295,492	292,390
Taxes, pensions and insurance	94,200	99,949
Contractual services	153,937	124,620
Commodities	142,347	170,753
Repairs and replacement	242,578	223,854
	<hr/>	<hr/>
Total public works	928,554	911,566
	<hr/>	<hr/>
Capital outlay	98,555	54,823
	<hr/>	<hr/>

(This schedule is continued on the following page.)

VILLAGE OF ROUND LAKE, ILLINOIS

**DETAILED SCHEDULE OF EXPENDITURES PAID -
BUDGET AND ACTUAL - CASH BASIS (Continued)
GENERAL FUND**

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
EXPENDITURES PAID (Continued)		
Community development		
Building department		
Personal services	\$ 161,705	\$ 162,220
Taxes, pensions and insurance	57,485	57,474
Contractual services	24,974	24,864
Commodities	8,551	5,140
Repairs and replacement	24,003	25,299
	<hr/>	<hr/>
Total building department	276,718	274,997
	<hr/>	<hr/>
TOTAL EXPENDITURES PAID	\$ 6,266,372	\$ 6,461,003

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
CAPITAL PROJECTS FUND**

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
REVENUES COLLECTED		
Utility tax	\$ 107,500	\$ 121,416
Intergovernmental	223,741	78,605
Impact fees	-	53,580
Investment income	2,460	1,491
Miscellaneous	-	14,433
Total revenues collected	333,701	269,525
EXPENDITURES PAID		
Current		
General government		
Contractual services	269,246	80,785
Capital outlay	901,702	554,070
Total expenditures paid	1,170,948	634,855
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(837,247)	(365,330)
OTHER FINANCING SOURCES (USES)		
Transfers in	700,000	700,000
NET CHANGE IN FUND BALANCE	<u>\$ (137,247)</u>	334,670
FUND BALANCE, MAY 1		<u>940,298</u>
FUND BALANCE, APRIL 30		<u><u>\$ 1,274,968</u></u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2014

	<u>Special Revenue</u>		<u>Debt</u>
	<u>Motor Fuel</u>	<u>Bright Meadows</u>	<u>Service</u>
	<u>Tax</u>	<u>SSA #1</u>	<u>2005 Bonds</u>
			<u>Debt Service</u>
ASSETS			
Cash	\$ 1,566,642	\$ 118,062	\$ 19,179
Investments	-	-	-
TOTAL ASSETS	\$ 1,566,642	\$ 118,062	\$ 19,179
LIABILITIES AND FUND BALANCES			
LIABILITIES			
None	\$ -	\$ -	\$ -
Total liabilities	-	-	-
FUND BALANCES			
Restricted			
Streets	1,566,642	-	-
Working cash	-	-	-
Debt service	-	-	19,179
Specific purpose	-	118,062	-
Total fund balances	1,566,642	118,062	19,179
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,566,642	\$ 118,062	\$ 19,179

Debt Service		Permanent	
2010 Bonds	2011 Bonds	Working Cash	Total
Debt Service	Debt Service		
\$ 15,890	\$ 15,693	\$ 673,563	\$ 2,409,029
1,218	-	-	1,218
\$ 17,108	\$ 15,693	\$ 673,563	\$ 2,410,247
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	1,566,642
-	-	673,563	673,563
17,108	15,693	-	51,980
-	-	-	118,062
17,108	15,693	673,563	2,410,247
\$ 17,108	\$ 15,693	\$ 673,563	\$ 2,410,247

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2014

	Special Revenue		Debt Service
	Motor Fuel Tax	Bright Meadows SSA #1	2005 Bonds Debt Service
REVENUES COLLECTED			
Property taxes	\$ -	\$ 23,970	\$ -
Utility taxes	-	-	270,998
Intergovernmental			
Motor fuel tax	496,959	-	-
Other	164,336	-	-
Investment income	200	60	15
Total revenues collected	661,495	24,030	271,013
EXPENDITURES PAID			
Current			
General government	-	13,596	-
Public works	37,317	3	-
Capital outlay	384,065	-	-
Debt service			
Principal	-	-	225,000
Interest and fiscal charges	-	-	50,030
Total expenditures paid	421,382	13,599	275,030
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	240,113	10,431	(4,017)
OTHER FINANCING SOURCES (USES)			
Transfers in	400,000	-	-
Total other financing sources (uses)	400,000	-	-
NET CHANGE IN FUND BALANCES	640,113	10,431	(4,017)
FUND BALANCES, MAY 1	926,529	107,631	23,196
FUND BALANCES, APRIL 30	\$ 1,566,642	\$ 118,062	\$ 19,179

Debt Service		Permanent	
2010 Bonds	2011 Bonds		
Debt Service	Debt Service	Working Cash	Total
\$ -	\$ -	\$ 8,224	\$ 32,194
192,017	359,345	-	822,360
-	-	-	496,959
-	-	-	164,336
15	38	62	390
192,032	359,383	8,286	1,516,239
-	10,250	-	23,846
-	-	-	37,320
-	-	-	384,065
110,000	285,000	-	620,000
420,225	94,365	-	564,620
530,225	389,615	-	1,629,851
(338,193)	(30,232)	8,286	(113,612)
350,000	-	-	750,000
350,000	-	-	750,000
11,807	(30,232)	8,286	636,388
5,301	45,925	665,277	1,773,859
\$ 17,108	\$ 15,693	\$ 673,563	\$ 2,410,247

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
MOTOR FUEL TAX FUND**

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
REVENUES COLLECTED		
Intergovernmental		
Motor fuel tax	\$ 477,673	\$ 496,959
Other	271,849	164,336
Investment income	2,299	200
	<hr/>	<hr/>
Total revenues collected	751,821	661,495
	<hr/>	<hr/>
EXPENDITURES PAID		
Current		
Public works		
Contractual services	1,000	-
Commodities	68,890	12,317
Administrative charges	25,000	25,000
Capital outlay	1,521,776	384,065
	<hr/>	<hr/>
Total expenditures paid	1,616,666	421,382
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(864,845)	240,113
OTHER FINANCING SOURCES (USES)		
Transfers in	400,000	400,000
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (464,845)</u>	640,113
FUND BALANCE, MAY 1		<hr/> 926,529
FUND BALANCE, APRIL 30		<u><u>\$ 1,566,642</u></u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
BRIGHT MEADOWS SSA #1 FUND

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
REVENUES COLLECTED		
Property taxes	\$ 23,730	\$ 23,970
Investment income	268	60
	<hr/>	<hr/>
Total revenues collected	23,998	24,030
	<hr/>	<hr/>
EXPENDITURES PAID		
Current		
General government		
Contractual services	25,616	13,596
Public works		
Contractual services	25	3
	<hr/>	<hr/>
Total expenditures paid	25,641	13,599
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ (1,643)	10,431
	<hr/>	<hr/>
FUND BALANCE, MAY 1		107,631
		<hr/>
FUND BALANCE, APRIL 30		\$ 118,062
		<hr/> <hr/>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
2005 BONDS DEBT SERVICE FUND**

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
REVENUES COLLECTED		
Utility taxes	\$ 287,000	\$ 270,998
Investment income	51	15
	<hr/>	<hr/>
Total revenues collected	287,051	271,013
	<hr/>	<hr/>
EXPENDITURES PAID		
Debt service		
Principal	225,000	225,000
Interest and fiscal charges	50,266	50,030
	<hr/>	<hr/>
Total expenditures paid	275,266	275,030
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 11,785</u>	(4,017)
FUND BALANCE, MAY 1		<hr/> 23,196
FUND BALANCE, APRIL 30		<u>\$ 19,179</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
2010 BONDS DEBT SERVICE FUND

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
REVENUES COLLECTED		
Utility taxes	\$ 182,500	\$ 192,017
Investment income	72	15
Total revenues collected	<u>182,572</u>	<u>192,032</u>
EXPENDITURES PAID		
Debt service		
Principal	110,000	110,000
Interest and fiscal charges	420,295	420,225
Total expenditures paid	<u>530,295</u>	<u>530,225</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>(347,723)</u>	<u>(338,193)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	<u>350,000</u>	<u>350,000</u>
Total other financing sources (uses)	<u>350,000</u>	<u>350,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,277</u>	11,807
FUND BALANCE, MAY 1		<u>5,301</u>
FUND BALANCE, APRIL 30		<u>\$ 17,108</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
2011 BONDS DEBT SERVICE FUND**

For the Year Ended April 30, 2014

	Original Budget	Final Budget	Actual
REVENUES COLLECTED			
Utility taxes	\$ 388,000	\$ 388,000	\$ 359,345
Investment income	123	123	38
Total revenues collected	388,123	388,123	359,383
EXPENDITURES PAID			
Current			
General government			
Rebates	7,500	10,250	10,250
Debt service			
Principal	285,000	285,000	285,000
Interest and fiscal charges	94,850	94,850	94,365
Total expenditures paid	387,350	390,100	389,615
NET CHANGE IN FUND BALANCE	\$ 773	\$ (1,977)	(30,232)
FUND BALANCE, MAY 1			45,925
FUND BALANCE, APRIL 30			\$ 15,693

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - CASH BASIS
WORKING CASH FUND**

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
REVENUES COLLECTED		
Property tax	\$ 6,375	\$ 8,224
Investment income	1,663	62
	<hr/>	<hr/>
Total revenues collected	8,038	8,286
	<hr/>	<hr/>
EXPENDITURES PAID		
None	-	-
	<hr/>	<hr/>
Total expenditures paid	-	-
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 8,038</u>	8,286
FUND BALANCE, MAY 1		<hr/> 665,277
FUND BALANCE, APRIL 30		<hr/> <u>\$ 673,563</u>

(See independent auditor's report.)

ENTERPRISE FUNDS

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - MODIFIED CASH BASIS
WATER AND SEWER FUND

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Water and sewer fees	\$ 3,826,244	\$ 3,883,633
Miscellaneous		
Permits and fees	-	109,500
Other	1,500	3,150
Total operating revenues	3,827,744	3,996,283
OPERATING EXPENSES EXCLUDING DEPRECIATION		
Water and sewer operations		
Personal services	443,430	438,817
Taxes, pensions and insurance	141,775	135,516
Contractual services	2,444,428	2,355,913
Commodities	61,825	80,024
Repairs and replacement	200,785	148,146
Capital outlay	2,615,772	1,091,582
Total operating expenses excluding depreciation	5,908,015	4,249,998
OPERATING INCOME (LOSS)	(2,080,271)	(253,715)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	18,857	15,353
Debt service		
Principal	(110,000)	(110,000)
Interest expense	(28,983)	(28,798)
Total non-operating revenues (expenses)	(120,126)	(123,445)
NET INCOME (LOSS) - BUDGETARY BASIS	\$ (2,200,397)	(377,160)
ADJUSTMENTS TO MODIFIED CASH BASIS		
Debt principal payment		110,000
Capitalized assets		1,057,266
Depreciation		(1,127,112)
Total adjustments to modified cash basis		40,154
CHANGE IN NET POSITION		(337,006)
NET POSITION, MAY 1		40,056,643
NET POSITION, APRIL 30		\$ 39,719,637

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - MODIFIED CASH BASIS
COMMUTER PARKING LOT FUND**

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services		
Parking lot fees	\$ 91,000	\$ 86,166
Total operating revenues	<u>91,000</u>	<u>86,166</u>
OPERATING EXPENSES		
Parking lot operations		
Contractual services	10,490	9,972
Commodities	1,375	501
Repairs and replacement	27,722	38,999
Miscellaneous	<u>2,706</u>	<u>2,672</u>
Total operating expenses	<u>42,293</u>	<u>52,144</u>
OPERATING INCOME	<u>48,707</u>	<u>34,022</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	<u>739</u>	<u>31</u>
Total non-operating revenues (expenses)	<u>739</u>	<u>31</u>
CHANGE IN NET POSITION	<u>\$ 49,446</u>	34,053
NET POSITION, MAY 1		<u>396,090</u>
NET POSITION, APRIL 30		<u>\$ 430,143</u>

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

VILLAGE OF ROUND LAKE, ILLINOIS

**COMBINING STATEMENT OF ASSETS, LIABILITIES AND
NET POSITION ARISING FROM MODIFIED CASH BASIS
INTERNAL SERVICE FUNDS**

April 30, 2014

	Vehicle Replacement	Technology Replacement	Building Replacement	Total
ASSETS				
Cash	\$ 188,694	\$ 87,416	\$ 142,105	\$ 418,215
Capital assets (net of accumulated depreciation)	183,781	49,296	-	233,077
Total assets	372,475	136,712	142,105	651,292
LIABILITIES				
None	-	-	-	-
Total liabilities	-	-	-	-
NET POSITION				
Net investment in capital assets	183,781	49,296	-	233,077
Unrestricted	188,694	87,416	142,105	418,215
TOTAL NET POSITION	\$ 372,475	\$ 136,712	\$ 142,105	\$ 651,292

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2014

	Vehicle Replacement	Technology Replacement	Building Replacement	Total
OPERATING REVENUES				
Contributions	\$ 215,888	\$ 78,750	\$ 85,254	\$ 379,892
Total operating revenues	215,888	78,750	85,254	379,892
OPERATING EXPENSES				
Capital outlay	8,721	5,611	-	14,332
Total operating expenses	8,721	5,611	-	14,332
OPERATING INCOME BEFORE DEPRECIATION	207,167	73,139	85,254	365,560
Depreciation	28,884	4,556	-	33,440
OPERATING INCOME	178,283	68,583	85,254	332,120
NON-OPERATING REVENUES (EXPENSES)				
Investment income	13	8	12	33
Insurance reimbursement	37,658	-	-	37,658
Intergovernmental	-	1,030	-	1,030
Total non-operating revenues (expenses)	37,671	1,038	12	38,721
CHANGE IN NET POSITION	215,954	69,621	85,266	370,841
NET POSITION, MAY 1	156,521	67,091	56,839	280,451
NET POSITION, APRIL 30	\$ 372,475	\$ 136,712	\$ 142,105	\$ 651,292

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2014

	Vehicle Replacement	Technology Replacement	Building Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services	\$ 215,888	\$ 78,750	\$ 85,254	\$ 379,892
Receipts from miscellaneous	37,658	-	-	37,658
Payments to suppliers	(8,721)	(5,611)	-	(14,332)
Net cash from operating activities	244,825	73,139	85,254	403,218
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental receipts	-	1,030	-	1,030
Net cash from noncapital financing activities	-	1,030	-	1,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(150,344)	(46,531)	-	(196,875)
Net cash from capital and related financing activities	(150,344)	(46,531)	-	(196,875)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	13	8	12	33
Net cash from investing activities	13	8	12	33
NET INCREASE IN CASH AND CASH EQUIVALENTS	94,494	27,646	85,266	207,406
CASH AND CASH EQUIVALENTS, MAY 1	94,200	59,770	56,839	210,809
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 188,694	\$ 87,416	\$ 142,105	\$ 418,215
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 178,283	\$ 68,583	\$ 85,254	\$ 332,120
Other miscellaneous receipts	37,658	-	-	37,658
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation	28,884	4,556	-	33,440
NET CASH FROM OPERATING ACTIVITIES	\$ 244,825	\$ 73,139	\$ 85,254	\$ 403,218

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - MODIFIED CASH BASIS
VEHICLE REPLACEMENT FUND

For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
OPERATING REVENUES			
Contributions			
General Fund	\$ 159,336	\$ 159,336	\$ 159,336
Water and Sewer Fund	56,552	56,552	56,552
	<hr/>	<hr/>	<hr/>
Total operating revenues	215,888	215,888	215,888
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Capital outlay	160,500	175,500	159,065
	<hr/>	<hr/>	<hr/>
Total operating expenses excluding depreciation	160,500	175,500	159,065
	<hr/>	<hr/>	<hr/>
OPERATING INCOME	55,388	40,388	56,823
	<hr/>	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	235	235	13
Insurance reimbursement	-	-	37,658
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	235	235	37,671
	<hr/>	<hr/>	<hr/>
NET INCOME - BUDGETARY BASIS	<u>\$ 55,623</u>	<u>\$ 40,623</u>	<u>94,494</u>
	<hr/>	<hr/>	<hr/>
ADJUSTMENTS TO MODIFIED CASH BASIS			
Capitalized assets			150,344
Depreciation			(28,884)
			<hr/>
Total adjustments to modified cash basis			121,460
			<hr/>
CHANGE IN NET POSITION			215,954
			<hr/>
NET POSITION, MAY 1			156,521
			<hr/>
NET POSITION, APRIL 30			<u>\$ 372,475</u>
			<hr/>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - MODIFIED CASH BASIS
TECHNOLOGY REPLACEMENT FUND**

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
OPERATING REVENUES		
Contributions		
General Fund	\$ 60,900	\$ 60,900
Water and Sewer Fund	17,850	17,850
	<hr/>	<hr/>
Total operating revenues	78,750	78,750
	<hr/>	<hr/>
OPERATING EXPENSES EXCLUDING DEPRECIATION		
Capital outlay	57,184	52,142
	<hr/>	<hr/>
Total operating expenses excluding depreciation	57,184	52,142
	<hr/>	<hr/>
OPERATING INCOME	21,566	26,608
	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	150	8
Intergovernmental	2,432	1,030
	<hr/>	<hr/>
Total non-operating revenues (expenses)	2,582	1,038
	<hr/>	<hr/>
NET INCOME - BUDGETARY BASIS	<u>\$ 24,148</u>	<u>27,646</u>
	<hr/>	<hr/>
ADJUSTMENTS TO MODIFIED CASH BASIS		
Capitalized assets		46,531
Depreciation		(4,556)
		<hr/>
Total adjustments to modified cash basis		41,975
		<hr/>
CHANGE IN NET POSITION		69,621
		<hr/>
NET POSITION, MAY 1		67,091
		<hr/>
NET POSITION, APRIL 30		<u>\$ 136,712</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - MODIFIED CASH BASIS
BUILDING REPLACEMENT FUND

For the Year Ended April 30, 2014

	Original and Final Budget	Actual
	<hr/>	<hr/>
OPERATING REVENUES		
Contributions		
General Fund	\$ 70,945	\$ 70,945
Water and Sewer Fund	14,309	14,309
	<hr/>	<hr/>
Total operating revenues	85,254	85,254
	<hr/>	<hr/>
OPERATING EXPENSES		
None	-	-
	<hr/>	<hr/>
Total operating expenses	-	-
	<hr/>	<hr/>
OPERATING INCOME	85,254	85,254
	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	142	12
	<hr/>	<hr/>
Total non-operating revenues (expenses)	142	12
	<hr/>	<hr/>
CHANGE IN NET POSITION	<u>\$ 85,396</u>	85,266
NET POSITION, MAY 1		<hr/> 56,839
NET POSITION, APRIL 30		<u>\$ 142,105</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - CASH BASIS
POLICE PENSION FUND

For the Year Ended April 30, 2014

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions - employer	\$ 424,248	\$ 424,248	\$ 427,638
Contributions - employee	160,000	160,000	164,392
Contributions - other	1,000	1,000	-
Total contributions	<u>585,248</u>	<u>585,248</u>	<u>592,030</u>
Investment income			
Net appreciation in fair value of investments	56,000	56,000	354,297
Interest earned on investments	75,000	75,000	65,615
Total investment income	<u>131,000</u>	<u>131,000</u>	<u>419,912</u>
Less investment expense	<u>(19,200)</u>	<u>(19,200)</u>	<u>(19,886)</u>
Net investment income	<u>111,800</u>	<u>111,800</u>	<u>400,026</u>
Total additions	<u>697,048</u>	<u>697,048</u>	<u>992,056</u>
DEDUCTIONS			
Benefits and refunds			
Retirement pension	258,296	258,296	258,273
Disability pension	84,300	84,300	84,234
Refund of contribution	5,000	105,000	97,415
Administrative	33,975	33,975	15,725
Total deductions	<u>381,571</u>	<u>481,571</u>	<u>455,647</u>
NET INCREASE	<u>\$ 315,477</u>	<u>\$ 215,477</u>	536,409
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
May 1			<u>5,012,614</u>
April 30			<u>\$ 5,549,023</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS
AGENCY FUNDS

For the Year Ended April 30, 2014

	Balances May 1	Additions	Deductions	Balances April 30
ALL FUNDS				
ASSETS				
Cash and investments	\$ 1,559,881	\$ 1,665,222	\$ 1,773,682	\$ 1,451,421
TOTAL ASSETS	\$ 1,559,881	\$ 1,665,222	\$ 1,773,682	\$ 1,451,421
LIABILITIES				
Deposits payable	\$ 57,556	\$ 13,293	\$ 10,152	\$ 60,697
Other payables	1,502,294	1,651,926	1,763,529	1,390,691
Due to other funds	31	3	1	33
TOTAL LIABILITIES	\$ 1,559,881	\$ 1,665,222	\$ 1,773,682	\$ 1,451,421
BUILDERS ESCROW FUND				
ASSETS				
Cash and investments	\$ 57,585	\$ 13,293	\$ 10,153	\$ 60,725
TOTAL ASSETS	\$ 57,585	\$ 13,293	\$ 10,153	\$ 60,725
LIABILITIES				
Deposits payable	\$ 57,556	\$ 13,293	\$ 10,152	\$ 60,697
Due to other funds	29	-	1	28
TOTAL LIABILITIES	\$ 57,585	\$ 13,293	\$ 10,153	\$ 60,725
IMPACT FEE FUND				
ASSETS				
Cash and investments	\$ 2	\$ 3	\$ -	\$ 5
TOTAL ASSETS	\$ 2	\$ 3	\$ -	\$ 5
LIABILITIES				
Due to other funds	\$ 2	\$ 3	\$ -	\$ 5
TOTAL LIABILITIES	\$ 2	\$ 3	\$ -	\$ 5

(This statement is continued on the following page.)

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS (Continued)
AGENCY FUNDS

For the Year Ended April 30, 2014

	Balances May 1	Additions	Deductions	Balances April 30
LAKEWOOD GROVE SSA #1 FUND				
ASSETS				
Cash and investments	\$ 806,582	\$ 969,331	\$ 990,064	\$ 785,849
TOTAL ASSETS	\$ 806,582	\$ 969,331	\$ 990,064	\$ 785,849
LIABILITIES				
Other payables	\$ 806,582	\$ 969,331	\$ 990,064	\$ 785,849
TOTAL LIABILITIES	\$ 806,582	\$ 969,331	\$ 990,064	\$ 785,849
LAKEWOOD GROVE SSA #3 FUND				
ASSETS				
Cash and investments	\$ 260,766	\$ 292,237	\$ 290,432	\$ 262,571
TOTAL ASSETS	\$ 260,766	\$ 292,237	\$ 290,432	\$ 262,571
LIABILITIES				
Other payables	\$ 260,766	\$ 292,237	\$ 290,432	\$ 262,571
TOTAL LIABILITIES	\$ 260,766	\$ 292,237	\$ 290,432	\$ 262,571
LAKEWOOD GROVE SSA #4 FUND				
ASSETS				
Cash and investments	\$ 434,946	\$ 390,358	\$ 483,033	\$ 342,271
TOTAL ASSETS	\$ 434,946	\$ 390,358	\$ 483,033	\$ 342,271
LIABILITIES				
Other payables	\$ 434,946	\$ 390,358	\$ 483,033	\$ 342,271
TOTAL LIABILITIES	\$ 434,946	\$ 390,358	\$ 483,033	\$ 342,271

(See independent auditor's report.)

SUPPLEMENTARY DATA

VILLAGE OF ROUND LAKE, ILLINOIS

SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	\$ 2,055,947	\$ 2,846,652	72.22%	\$ 790,705	\$ 1,864,145	42.42%
2009	1,384,125	2,401,393	57.64%	1,017,268	1,699,152	59.87%
2010	1,618,945	2,602,860	62.20%	983,915	1,518,888	64.78%
2011	1,907,753	2,749,088	69.40%	841,335	1,432,499	58.73%
2012	2,298,161	2,813,782	81.68%	515,621	1,293,636	39.86%
2013	2,869,113	3,115,667	92.09%	246,554	1,319,714	18.68%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 178,771	\$ 178,771	100.00%
2010	166,565	166,565	100.00%
2011	165,731	167,420	98.99%
2012	164,417	164,417	100.00%
2013	149,968	149,968	100.00%
2014	153,495	153,495	100.00%

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SUPPLEMENTARY INFORMATION
SHERIFF'S LAW ENFORCEMENT PERSONNEL PLAN

April 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	\$ 64,775	\$ 232,612	27.85%	\$ 167,837	\$ 96,910	173.19%
2009	49,815	-	0.00%	(49,815)	98,958	0.00%
2010	53,897	-	0.00%	(53,897)	98,958	0.00%
2011	51,114	-	0.00%	(51,114)	-	0.00%
2012	55,948	-	0.00%	(55,948)	-	0.00%
2013	2,081	-	0.00%	(2,081)	-	0.00%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 22,793	\$ 22,793	100.00%
2010	13,167	13,167	100.00%
2011	NA	NA	NA
2012	NA	NA	NA
2013	NA	NA	NA
2014	NA	NA	NA

NA - The Village began participation in the plan in fiscal year 2007. As of April 30, 2011, the Village no longer contributed to the plan as there were no longer any participating employees.

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SUPPLEMENTARY INFORMATION
POLICE PENSION FUND

April 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	\$ 3,615,290	\$ 5,893,880	61.34%	\$ 2,278,590	\$ 1,250,304	182.24%
2009	3,382,221	6,581,524	51.39%	3,199,303	1,303,735	245.40%
2010	4,046,216	7,181,102	56.35%	3,134,886	1,495,709	209.59%
2011	4,481,472	7,840,806	57.16%	3,359,334	1,483,736	226.41%
2012	4,574,871	7,989,295	57.26%	3,414,424	1,378,412	247.71%
2013	5,012,615	8,655,213	57.91%	3,642,598	1,479,479	246.21%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 276,974	\$ 276,974	100.00%
2010	239,907	342,824	69.98%
2011	294,349	409,081	71.95%
2012	314,268	459,452	68.40%
2013	395,437	428,533	92.28%
2014	427,638	392,293	109.01%

The Village contributes to the Police Pension Fund based on the State of Illinois Department of Insurance actual valuation. Fiscal years 2010 through 2014 annual required contributions (ARC) are based on an independent actuarial valuation.

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2010	\$ -	\$ 175,402	0.00%	\$ 175,402	\$ 2,911,431	6.02%
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	-	285,903	0.00%	285,903	2,707,531	10.56%
2014	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Fiscal Year April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 16,333	\$ 25,348	64.44%
2011	17,845	25,241	70.70%
2012	9,088	25,241	36.00%
2013	3,061	25,091	12.20%
2014	13,268	25,091	52.88%

Note: The Village implemented GASB Statement No. 45 as of April 30, 2010. No information is available for prior periods.

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF TAX DATA

For the Last Nine Levy Years

	Levy Year		
	2013	2012	2011
ASSESSED VALUATION	\$ 251,520,156	\$ 275,111,595	\$ 321,967,538
TAX RATES BY FUND			
Corporate	0.398	0.433	0.396
Municipal audit	0.009	0.008	0.007
Road and bridge	0.021	0.019	0.034
Garbage	0.139	0.126	0.078
Retirement	0.130	0.122	0.098
Working cash	-	0.003	0.002
Liability insurance	0.048	0.037	0.043
Civil defense/ES&DA	0.002	0.002	0.002
Police protection	0.440	0.338	0.288
Police pension	0.199	0.156	0.123
TOTAL TAX RATES BY FUND	1.386	1.244	1.071
TAX EXTENSIONS BY FUND			
Corporate	\$ 1,001,050	\$ 1,191,233	\$ 1,274,991
Municipal audit	22,637	22,009	22,538
Road and bridge	52,819	52,271	109,469
Garbage	349,613	346,641	251,135
Retirement	326,976	335,636	315,528
Working cash	-	8,253	6,439
Liability insurance	120,730	101,791	138,446
Civil defense/ES&DA	5,030	5,502	6,439
Police protection	1,106,689	929,877	927,267
Police pension	500,525	429,174	396,020
TOTAL TAX EXTENSIONS BY FUND	\$ 3,486,069	\$ 3,422,387	\$ 3,448,272
TAX COLLECTIONS - ALL FUNDS			
Levy collections through year end	\$ -	\$ 3,410,038	\$ 3,443,199
PERCENT COLLECTED	N/A	99.64%	99.85%

Levy Year						
2010	2009	2008	2007	2006	2005	
\$ 363,428,091	\$ 404,464,351	\$ 421,556,835	\$ 407,703,238	\$ 377,475,750	\$ 319,702,385	
0.399	0.433	0.416	0.386	0.359	0.246	
0.006	0.006	0.006	0.008	0.012	0.014	
0.030	0.022	0.021	0.029	0.031	0.048	
0.069	0.049	0.076	0.078	0.103	0.168	
0.084	0.098	0.091	0.118	0.125	0.136	
0.001	0.001	0.002	0.003	0.007	0.035	
0.046	0.039	0.041	0.050	0.056	0.064	
0.001	0.001	0.001	0.001	0.001	-	
0.274	0.147	0.116	0.083	0.076	0.074	
0.087	0.073	0.057	0.068	0.065	0.070	
0.997	0.869	0.827	0.824	0.835	0.855	
\$ 1,450,078	\$ 1,751,331	\$ 1,753,676	\$ 1,573,735	\$ 1,355,138	\$ 786,468	
21,806	24,268	25,293	32,616	45,297	44,758	
109,028	88,982	88,527	80,992	76,099	117,115	
250,766	198,188	320,383	318,009	388,800	537,100	
305,280	396,375	383,617	481,090	471,845	434,795	
3,634	4,044	8,431	12,231	26,423	111,896	
167,177	157,741	172,838	203,852	211,386	204,610	
3,634	4,044	4,216	4,077	3,775	-	
995,793	594,563	489,006	338,394	286,882	236,580	
316,182	295,259	240,287	277,238	245,359	223,792	
\$ 3,623,378	\$ 3,514,795	\$ 3,486,274	\$ 3,322,234	\$ 3,111,004	\$ 2,697,114	
\$ 3,600,578	\$ 3,503,869	\$ 3,481,655	\$ 3,319,067	\$ 3,106,020	\$ 2,684,166	
99.37%	99.69%	99.87%	99.90%	99.84%	99.52%	

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF ASSESSED VALUATION BY TYPE OF PROPERTY

For the Last Ten Levy Years

Tax Levy Year	Real Estate	Railroad	Total
2004	\$ 243,920,458	\$ -	\$ 243,920,458
2005	319,702,385	-	319,702,385
2006	377,475,750	-	377,475,750
2007	407,703,238	-	407,703,238
2008	421,556,835	-	421,556,835
2009	404,464,351	-	404,464,351
2010	363,428,091	-	363,428,091
2011	321,967,538	-	321,967,538
2012	275,111,595	-	275,111,595
2013	251,520,156	-	251,520,156

(See independent auditor's report.)