

AGENDA
VILLAGE OF ROUND LAKE
COMMITTEE OF THE WHOLE MEETING
January 19, 2015
442 N. Cedar Lake Road
To Follow the Regular Board Meeting
The Regular Board Meeting is 7:00 P.M.

CALL TO ORDER

1. ROLL CALL

2. APPROVAL OF MINUTES

2.1 Approve the Minutes of the Committee of the Whole Meeting of January 5, 2015

3. PUBLIC COMMENT

4. COMMITTEE OF THE WHOLE

- Community Development
- Human Resources and Finance
 - Audit and Management Letter
- Public Works, Facilities and Capital Assets, and Engineering
- Special Events
- Building and Zoning
- Police
- Administration
 - Fire Suppression/Fire Code Changes
 - Salt Purchase Intergovernmental Agreement with School District 116

5. SUGGESTED NEW TOPICS

6. EXECUTIVE SESSION

7. ADJOURN

MINUTES
VILLAGE OF ROUND LAKE
COMMITTEE OF THE WHOLE MEETING
January 5, 2015
442 N. Cedar Lake Road
To Follow the Regular Board Meeting
The Regular Board Meeting is 7:00 P.M.

CALL TO ORDER

THE COMMITTEE OF THE WHOLE MEETING OF THE VILLAGE OF ROUND LAKE WAS CALLED TO ORDER BY DAN MACGILLIS, VILLAGE PRESIDENT AT 8:16 P.M.

1. ROLL CALL

Present: Trustees Frye, Kraly, Newby, Simoncelli, Triphahn, Wicinski

Absent: None

2. APPROVAL OF MINUTES

2.1 Approve the Minutes of the Committee of the Whole Meeting of December 15, 2014

Trustee Triphahn moved, Seconded by Trustee Kraly to approve the minutes of the Committee of the Whole Meeting of December 15, 2014. Under discussion Trustee Newby stated he would be abstaining from the vote, the remaining board member had a unanimous voice vote; the Mayor declared the motion carried

3. PUBLIC COMMENT

NONE

4. COMMITTEE OF THE WHOLE

- Community Development
- Human Resources and Finance
- Public Works, Facilities and Capital Assets, and Engineering
- Special Events
- Building and Zoning
- Police
- Administration

- Fire Suppression/Fire Code Changes

Village Administrator Steve Shields stated the recommendation by staff to migrate from a no square footage rule to the use of square footage as a threshold for fire suppression requirements. Information was supplied to the board with examples of other municipalities having a variety of differing standards for fire suppression based on what is being stored, i.e. user groups. The examples demonstrated that municipalities have discretion in establishing fire suppression standards. However, there are certain fire suppression standards that municipalities generally adhere to, such as those set forth by the National Fire Protection Association. The Village currently is more of a one size fits all type of ordinance and VA Shields would like to establish a 12,000 SF threshold as part of the Village requirement. He also state that neighboring municipalities have adopted this as their square footage threshold, as one part of a multi-factor standard, to determine if a particular building needs automatic sprinklers. More information will be brought to the next meeting with the possibility

of a representative from the Greater Round Lake Fire Department to add to the discussion if needed.

o District Office Lease

Village Administrator Shields stated that Congressman Bob Dold would like to open an office in our annex building that would be used for constituents to meet with the Congressman or his representative. It would not be used as a campaign office. It was asked by the board if it would interfere with the early voting that takes place in the larger room whereas VA Shields stated no, he would occupy one of the offices instead. The board stated they welcome the building being used on an ongoing basis and approved the usage.

5. SUGGESTED NEW TOPICS

NONE

6. EXECUTIVE SESSION

NONE

Before adjourning Mayor MacGillis introduced Wayde Frerichs to the board as the new Accounting Manager

7. ADJOURN

Motion by Trustee Newby, Seconded by Trustee Kraly to adjourn the Committee of the Whole meeting at 8:33 P.M. Upon a unanimous voice vote, the Mayor declared the motion carried.

APPROVED:

Patricia C. Blauvelt
Village Clerk

Daniel MacGillis
Village President



VILLAGE OF ROUND LAKE
AGENDA ITEM SUMMARY

TITLE: FISCAL YEAR END APRIL 30, 2014

Agenda Item No. COTW

AUDIT REPORT & MANAGEMENT LETTER

Executive Summary:

Attached is the required, per professional standards, communication regarding the audit from our auditors along with the fiscal year end April 30, 2014 audit report for review and discussion. A Partner from Sikich, Daniel A. Berg will be in attendance to provide a brief overview of the audit report and to answer any questions the Village Board members may have.

Also attached is the management letter that lists current comments, future accounting pronouncements, and the status of prior year comments. There is one new comment for the fiscal year end April 30, 2014 that addresses the lack of custodial credit risk over both Village and Police Fund investments. There are mitigating controls currently in place that protect both plans, but staff will research further and make the necessary changes to adhere to the auditor's comment. In addition, prior year comments remain open and need to be addressed.

Recommended Action:

Accept the Fiscal Year Ended April 30, 2014 Audit Report and Management Letter as presented.

Committee: Human Resources & Finance	Meeting Date: January 19, 2015																														
<hr/>																															
Lead Department: Administration	Presenter: Shane D. Johnson, AVA/Director of Finance																														
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Item Budgeted: <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A If amount requested is over budget, a detailed explanation of what account(s) the overage will be charged to will be provided in the Executive Summary or attached detail.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Account(s)</th> <th style="width: 25%;">Budget</th> <th style="width: 25%;">Expenditure</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td></td> </tr> <tr> <td>Item Requested</td> <td></td> <td></td> </tr> <tr> <td>All Other Items</td> <td></td> <td></td> </tr> <tr> <td>Y-T-D Actual</td> <td></td> <td></td> </tr> <tr> <td>Encumbered</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">Total:</td> <td style="text-align: right;">\$0.00</td> <td style="text-align: right;">\$0.00</td> </tr> <tr> <td colspan="3">Request is over/under budget:</td> </tr> <tr> <td style="text-align: right;">Under</td> <td style="text-align: right;">-</td> <td></td> </tr> <tr> <td style="text-align: right;">Over</td> <td style="text-align: right;">-</td> <td></td> </tr> </tbody> </table>	Account(s)	Budget	Expenditure	-	-		Item Requested			All Other Items			Y-T-D Actual			Encumbered			Total:	\$0.00	\$0.00	Request is over/under budget:			Under	-		Over	-	
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VILLAGE OF ROUND LAKE, ILLINOIS

**AUDITOR'S COMMUNICATION TO
THE VILLAGE BOARD**

**For the Year Ended
April 30, 2014**

VILLAGE OF ROUND LAKE, ILLINOIS
AUDITOR'S COMMUNICATION TO THE VILLAGE BOARD
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1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

630.566.8400 // www.sikich.com

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

October 8, 2014

The Honorable President
Members of the Village Board
Village of Round Lake
442 North Cedar Lake Road
Round Lake, Illinois 60073

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by audit standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on July 18, 2014.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the Village of Round Lake, are enclosed within this document.

This information is intended solely for the use of the President, Village Board and Management of the Village of Round Lake and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads 'Sikich LLP'.

Sikich LLP
By: Daniel A. Berg, CPA
Partner



630.566.8400 // www.sikich.com

1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

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

October 8, 2014

The Honorable President
Members of the Village Board
Village of Round Lake, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Round Lake (the Village) for the year ended April 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepting auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 29, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended April 30, 2014. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no particularly sensitive estimates made by management during our audit of the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures during the audit of our financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Village of Round Lake, Illinois
October 8, 2014

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, AJE01 of the misstatements detected as a result of audit procedures and corrected by management was material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 8, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on supplementary information, which accompany the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Village of Round Lake, Illinois
October 8, 2014

We were not engaged to report on the Introductory Section and supplementary data which accompany the financial statements. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the President, Village Board and Management of the Village and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Sikich LLP".

Sikich LLP

By: Daniel A. Berg, CPA.

Partner

Village of Round Lake
Year End: April 30, 2014
Adjusting Journal Entries
Date: 5/1/2013 To 4/30/2014

Number	Date	Name	Account No	Debit	Credit
AJE01	4/30/2014	Real Estate Taxes - Police Pension	01-05-50-55002 GF-01		(427,638.30)
AJE01	4/30/2014	Police Pension Contribution	01-40-71-67117 GF-01	427,638.30	

To record revenue and expenditure in the General Fund for
police pension property taxes and pension contributions

VILLAGE OF ROUND LAKE, ILLINOIS

MANAGEMENT LETTER

April 30, 2014



630.566.8400 // www.sikich.com

1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

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

The Honorable President
Members of the Village Board
Village of Round Lake, Illinois

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Round Lake, Illinois (the Village) for the year ended April 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We also identified certain matters that are opportunities for strengthening internal controls and operating efficiency, of which management should be aware. In addition we reviewed the status of the recommendations for the year ended April 30, 2013. The status of these recommendations is included in Appendix A. This letter does not affect our report dated October 8, 2014, on the basic financial statements of the Village.

This report is intended solely for the information and use of the President, Board Members and Management and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Sikich LLP'.

Naperville, Illinois
October 8, 2014

SIGNIFICANT DEFICIENCY

1. Custodial Credit Risk over Investments

As of April 30, 2014, the Village and Police Pension Fund investments were being held by the counterparty, resulting in exposure to custodial credit risk. The Village's investment policy requires that all investments be held by an independent third party custodian. The Police Pension Fund's investment policy is silent regarding custodial credit risk for investments. The Government Finance Officers Association best practice recommends separating the brokerage function from the custodial function to implement proper internal controls over the purchase and custody of investments. In addition, the Illinois Department of Insurance - Pension Division, in their frequently asked questions (FAQ) also recommends segregating these two functions. We recommend segregating the custodial function from the brokerage function for both Village and Police Pension investments. We further recommend clarifying the investment policy for the Police Pension Fund regarding custodial credit risk and the segregation of the brokerage and custodial functions.

OTHER INFORMATION

1. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that will impact the Village in the future.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB Statement No. 67 enhances note disclosures and required supplementary information (RSI) for both defined benefit and defined contribution pension plans. GASB Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. GASB Statement No. 67 is applicable for the fiscal year ending April 30, 2015.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and RSI. GASB Statement No. 68 is applicable for the fiscal year ending April 30, 2016.

OTHER INFORMATION (Continued)

1. Future Accounting Pronouncements

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. GASB Statement No. 69 is applicable for the fiscal year ending April 30, 2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Guarantees*, is intended to enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement also intends to enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees and augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. GASB Statement No. 70 is applicable for the fiscal year ending April 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, addresses an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB Statement No. 71 is applicable for the fiscal year ending April 30, 2016.

**APPENDIX A
STATUS OF PRIOR YEAR COMMENTS**

SIGNIFICANT DEFICIENCIES

1. Segregation of Duties

A system of internal control provides for a proper segregation of the accounting functions. This system would segregate recording of transactions, custody of assets, and authorization of transactions. Proper segregation is not always possible in smaller entities, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. At the Village, there is a lack of segregation of duties due to the number of personnel performing the accounting functions. The Village does have significant compensating controls, such as Board approval of bills lists and Finance Director review and approval of payroll transactions, accounts payable invoices and checks. We recommend that management continuously review the current assignments of accounting functions and, when possible, segregate duties and/or implement compensating controls to reduce the risk of errors or fraud. Additionally we recommend that the Village's finance department employees be cross-trained on each other's job responsibilities and that reviews and approvals be more prevalent in the Village's internal controls. We noted the following specific weaknesses:

Outstanding

- The same person that opens the mail is recording cash receipts in the general ledger. Additionally, the same individual that collects and counts collections from the drop box outside Village Hall records the receipts in the general ledger. These activities should be segregated, if at all possible. The compensating control of having the Finance Director code the receipts for nonrecurring receipts before entry somewhat mitigates the lack of controls.
- The Village does not lock the safe during the day; it is held open for access to finance department employees. All employees are aware of how to access the safe. The Village should limit access to the safe to specific individuals.
- Employees who handle cash also have the ability to enter the financial software system and edit or make changes to cash register entries. Also, a procedure is not in place that monitors the frequency of modifications to cash register entries. Employees who handle cash should not be allowed access to the system and modify their entries. All changes to entries should be reviewed and approved by management.
- The utility billing clerk is able to collect utility cash receipts and enter them into the system. The clerk is also able to go into the system and add/edit/delete customers from the system. These functions should be kept separate and any edits to customer accounts should be reviewed and approved.

Status - Comment still applicable at April 30, 2014.

APPENDIX A
STATUS OF PRIOR YEAR COMMENTS (Continued)

DEFICIENCIES

1. Reporting on the Modified Cash Basis

The Village currently records and reports their financial activity on the Modified Cash Basis of Accounting, which is another comprehensive basis of accounting that is not a generally accepted accounting principle (GAAP). GAAP requires that governmental agencies report their governmental funds on the modified accrual basis of accounting and business-type activities on the full accrual basis of accounting, which require the recognition of revenues when they are both measurable and available and expenditures when they are due and payable, rather than when the cash comes in or out of the Village. The Village has determined that the needs and requirements of the external report users (i.e. the Board of Trustee, citizens of the Village and the various State agencies) are being met with the modified cash basis of accounting. The Village's current reporting is acceptable and allows the financial records to be reported fairly in accordance with the modified cash basis of accounting. We would encourage the Village to continue to review the costs and benefits of converting to the modified accrual basis as the needs of their users may change in future periods. For example, if the Village were to seek to issue additional debt in order to finance a project, we would encourage the Village to seek the advice of a bond consultant to determine if a change in accounting basis is warranted.

Status - Comment is still applicable as of April 30, 2014.

2. System Generated Reports

During our review of the open accounts receivable system generated report, we noted that the total account balance did not agree to the total for each category listed on the aging report (i.e., 0-30 days, 31-60 days, etc). The net difference is immaterial and the Village does not record a receivable on the balance sheet due to being cash basis. However, we recommend the Village to investigate and reconcile the difference so that the report is accurate. Also, the Village should contact the software company and correct the error in the calculations.

Status - Comment is still applicable as of April 30, 2014.

3. IMRF Contribution Expenditures

During testing of expenditures for Illinois Municipal Retirement Fund (IMRF) contributions, we noted that the general ledger recorded more IMRF expense than was actually paid out. The difference between the general ledger and the IMRF reports, in total, was attributable to the IMRF report being generated a day before the third payroll in August was posted. As a result, the IMRF report only picked up two of the three payrolls in August and calculated IMRF expense based on the total of the two payrolls. We recommend that the Village hold off on generating the monthly IMRF reports until all payrolls have been posted for each month.

Status - Comment implemented as of April 30, 2014.

**APPENDIX A
STATUS OF PRIOR YEAR COMMENTS (Continued)**

OTHER COMMENTS

1. Old Outstanding Checks

The Village does not have a policy that relates to the aged outstanding checks. In one of its accounts, checks dating back to 2002 remain on the outstanding check list for the bank reconciliation. We recommend that the Village develop a policy and procedure for accounting and resolving its old outstanding checks.

Status - Comment still applicable at April 30, 2014. We also noted that there were checks totaling \$2,458 that were greater than 7 years outstanding that had not been turned over to the State as required by Illinois escheat law.

2. Recapture Agreements

In the past several years, the Village has entered into a number of recapture agreements. Because the nature of the individual agreement varies, the agreements can result in receivables or payables in future periods.

The Village is not currently maintaining a subsidiary ledger to monitor the position of each agreement. We recommend that the Village develop procedures to track each agreement over time and the relative activity and position of each agreement.

Status - Comment still applicable at April 30, 2014.

3. Internal Controls over Parking Lot Collections

We noted during our review of internal control over the Village's parking lot cash collection procedures that there is a lack of control at the older parking lot location. At the newer location, the collection box is locked and can only be opened by the finance staff at Village hall. Also, a receipt is printed that supports the amount actually collected. The Village currently does not use these receipts to ensure the proper amount is being deposited at the bank. We recommend the Village add controls at the older location and consider adding the new locked collection boxes at the older location. We also recommend the Village perform regular reconciliations of the money deposited at the bank from collections.

Status - Comment still applicable at April 30, 2014.

VILLAGE OF ROUND LAKE, ILLINOIS

ANNUAL FINANCIAL REPORT

**For the Year Ended
April 30, 2014**



VILLAGE OF ROUND LAKE, ILLINOIS
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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**

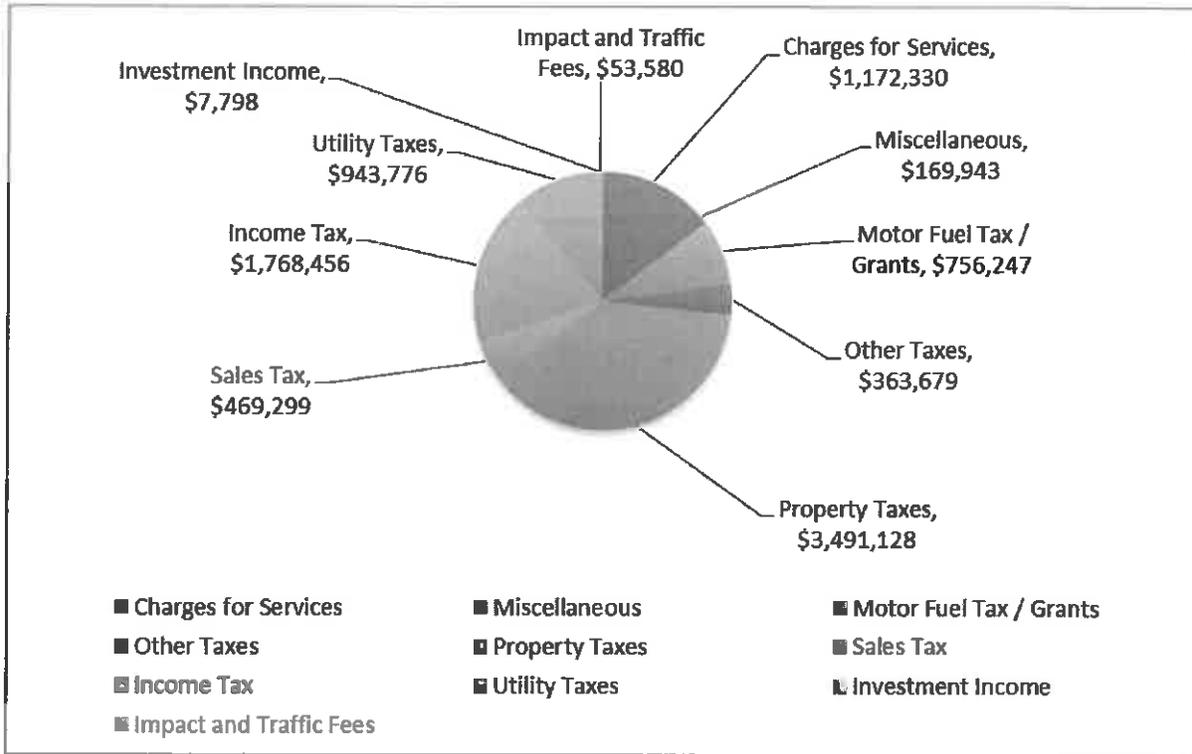
	Governmental Activities		Business - Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$1,172,330	\$1,090,179	\$3,969,799	\$3,982,654	\$5,142,129	\$5,072,833
Operating Grants	662,365	569,172	-	-	662,365	569,172
Capital Grants	93,882	98,250	-	-	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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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	Expenses	Program Revenues		
		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>-</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
Total	<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

	General	Capital Projects	Nonmajor Governmental	Total
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>\$ 33,979,962</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

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
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>\$ 1,685,722</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	3,996,283	86,166	4,082,449	379,892
OPERATING EXPENSES				
Operations	3,192,732	52,144	3,244,876	14,332
Total operating expenses	3,192,732	52,144	3,244,876	14,332
OPERATING INCOME				
BEFORE DEPRECIATION	803,551	34,022	837,573	365,560
Depreciation	1,127,112	-	1,127,112	33,440
OPERATING INCOME (LOSS)	(323,561)	34,022	(289,539)	332,120
NON-OPERATING REVENUES (EXPENSES)				
Investment income	15,353	31	15,384	33
Insurance reimbursement	-	-	-	37,658
Intergovernmental	-	-	-	1,030
Interest expense	(28,798)	-	(28,798)	-
Total non-operating revenues (expenses)	(13,445)	31	(13,414)	38,721
CHANGE IN NET POSITION	(337,006)	34,053	(302,953)	370,841
NET POSITION, MAY 1	40,056,643	396,090	40,452,733	280,451
NET POSITION, APRIL 30	\$ 39,719,637	\$ 430,143	\$ 40,149,780	\$ 651,292

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/>	<hr/>
	\$ 5,549,023	

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	164,392
	<hr/>
Total contributions	592,030

Investment income

Net appreciation in fair value of investments	354,297
Interest earned on investments	65,615
	<hr/>

Total investment income 419,912

Less investment expense (19,886)

Net investment income 400,026

Total additions 992,056

DEDUCTIONS

Benefits and refunds	
Retirement pension	258,273
Disability pension	84,234
Refund of contribution	97,415
Administrative	15,725
	<hr/>

Total deductions 455,647

NET INCREASE 536,409

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

May 1 5,012,614

April 30 \$ 5,549,023

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.

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

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	13,034,461	924,547	970,907	12,988,101
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	29,612,291	1,218,429	97,678	30,733,042
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	6,132,875	700,522	65,211	6,768,186
Total capital assets being depreciated, net	23,479,416	517,907	32,467	23,964,856
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 36,513,877	\$ 1,442,454	\$ 1,003,374	\$ 36,952,957

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.

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

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.

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

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
	29
TOTAL	29

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

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

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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
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)
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ (967,361)	(500,531)
FUND BALANCE, MAY 1		<hr/> 6,373,001
FUND BALANCE, APRIL 30		<hr/> \$ 5,872,470 <hr/>

(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
Total administration	<u>1,827,093</u>	<u>1,831,245</u>
Capital outlay	<u>5,303</u>	<u>5,809</u>
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
Total police	<u>3,115,212</u>	<u>3,372,262</u>
Capital outlay	<u>14,937</u>	<u>10,301</u>
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
Total public works	<u>928,554</u>	<u>911,566</u>
Capital outlay	<u>98,555</u>	<u>54,823</u>

(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
	<u>333,701</u>	<u>269,525</u>
EXPENDITURES PAID		
Current		
General government		
Contractual services	269,246	80,785
Capital outlay	901,702	554,070
	<u>1,170,948</u>	<u>634,855</u>
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	\$ (137,247)	334,670
FUND BALANCE, MAY 1		<u>940,298</u>
FUND BALANCE, APRIL 30		<u>\$ 1,274,968</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

	Special Revenue		Debt
	Motor Fuel	Bright Meadows	Service
	Tax	SSA #1	2005 Bonds Debt Service
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 Debt Service	2011 Bonds Debt Service	Working Cash	Total
\$ 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
Total revenues collected	<u>751,821</u>	<u>661,495</u>
EXPENDITURES PAID		
Current		
Public works		
Contractual services	1,000	-
Commodities	68,890	12,317
Administrative charges	25,000	25,000
Capital outlay	<u>1,521,776</u>	<u>384,065</u>
Total expenditures paid	<u>1,616,666</u>	<u>421,382</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(864,845)	240,113
OTHER FINANCING SOURCES (USES)		
Transfers in	<u>400,000</u>	<u>400,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (464,845)</u>	640,113
FUND BALANCE, MAY 1		<u>926,529</u>
FUND BALANCE, APRIL 30		<u>\$ 1,566,642</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/>

(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
Total revenues collected	<u>287,051</u>	<u>271,013</u>
EXPENDITURES PAID		
Debt service		
Principal	225,000	225,000
Interest and fiscal charges	50,266	50,030
Total expenditures paid	<u>275,266</u>	<u>275,030</u>
NET CHANGE IN FUND BALANCE	<u>\$ 11,785</u>	<u>(4,017)</u>
FUND BALANCE, MAY 1		<u>23,196</u>
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
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Total expenditures paid	387,350	390,100	389,615
NET CHANGE IN FUND BALANCE	\$ 773	\$ (1,977)	(30,232)
FUND BALANCE, MAY 1			<hr/> 45,925
FUND BALANCE, APRIL 30			<hr/> \$ 15,693 <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 - 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
Total revenues collected	<u>8,038</u>	<u>8,286</u>
EXPENDITURES PAID		
None	<u>-</u>	<u>-</u>
Total expenditures paid	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 8,038</u>	<u>8,286</u>
FUND BALANCE, MAY 1		<u>665,277</u>
FUND BALANCE, APRIL 30		<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
	<u>3,827,744</u>	<u>3,996,283</u>
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
	<u>5,908,015</u>	<u>4,249,998</u>
	<u>(2,080,271)</u>	<u>(253,715)</u>
OPERATING INCOME (LOSS)		
NON-OPERATING REVENUES (EXPENSES)		
Investment income	18,857	15,353
Debt service		
Principal	(110,000)	(110,000)
Interest expense	(28,983)	(28,798)
	<u>(120,126)</u>	<u>(123,445)</u>
NET INCOME (LOSS) - BUDGETARY BASIS		
	<u>\$ (2,200,397)</u>	<u>(377,160)</u>
ADJUSTMENTS TO MODIFIED CASH BASIS		
Debt principal payment		110,000
Capitalized assets		1,057,266
Depreciation		<u>(1,127,112)</u>
		<u>40,154</u>
CHANGE IN NET POSITION		
		<u>(337,006)</u>
NET POSITION, MAY 1		
		<u>40,056,643</u>
NET POSITION, APRIL 30		
		<u>\$ 39,719,637</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
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	2,706	2,672
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	739	31
Total non-operating revenues (expenses)	<u>739</u>	<u>31</u>
CHANGE IN NET POSITION	<u>\$ 49,446</u>	<u>34,053</u>
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

	Original Budget	Final Budget	Actual
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
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
OPERATING INCOME	<hr/>	<hr/>	<hr/>
	55,388	40,388	56,823
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
NET INCOME - BUDGETARY BASIS	<hr/>	<hr/>	<hr/>
	\$ 55,623	\$ 40,623	94,494
ADJUSTMENTS TO MODIFIED CASH BASIS			
Capitalized assets			150,344
Depreciation			<u>(28,884)</u>
			<hr/>
Total adjustments to modified cash basis			121,460
CHANGE IN NET POSITION			215,954
NET POSITION, MAY 1			<hr/>
			156,521
NET POSITION, APRIL 30			<hr/>
			\$ 372,475

(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
	<u>78,750</u>	<u>78,750</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION		
Capital outlay	57,184	52,142
	<u>57,184</u>	<u>52,142</u>
OPERATING INCOME	<u>21,566</u>	<u>26,608</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	150	8
Intergovernmental	2,432	1,030
	<u>2,582</u>	<u>1,038</u>
NET INCOME - BUDGETARY BASIS	<u>\$ 24,148</u>	<u>27,646</u>
ADJUSTMENTS TO MODIFIED CASH BASIS		
Capitalized assets		46,531
Depreciation		<u>(4,556)</u>
		<u>41,975</u>
CHANGE IN NET POSITION		<u>69,621</u>
NET POSITION, MAY 1		<u>67,091</u>
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
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	\$ 85,396	85,266
	<hr/>	<hr/>
NET POSITION, MAY 1		56,839
		<hr/>
NET POSITION, APRIL 30		\$ 142,105
		<hr/>

(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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
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>	<u>536,409</u>
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				Balances
	May 1	Additions	Deductions		April 30
LAKWOOD 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
LAKWOOD 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
LAKWOOD 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 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	\$ 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	<u>\$ 251,520,156</u>	<u>\$ 275,111,595</u>	<u>\$ 321,967,538</u>
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	<u>1.386</u>	<u>1.244</u>	<u>1.071</u>
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	<u>\$ 3,486,069</u>	<u>\$ 3,422,387</u>	<u>\$ 3,448,272</u>
TAX COLLECTIONS - ALL FUNDS			
Levy collections through year end	<u>\$ -</u>	<u>\$ 3,410,038</u>	<u>\$ 3,443,199</u>
PERCENT COLLECTED	N/A	<u>99.64%</u>	<u>99.85%</u>

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.)



VILLAGE OF ROUND LAKE
AGENDA ITEM SUMMARY

TITLE: AMENDMENT TO FIRE CODE

Agenda Item No. COTW

Executive Summary:

Approximately a month ago staff met with a business owner that was willing to purchase property and relocate to the Village of Round Lake. However, due to the significant costs for fire suppression the business owner was hesitant to move forward with the project and as of today has not purchased the property. The fire suppression cost has been brought up a number of times in the last year by other developers and business owners.

Therefore, to remain competitive with surrounding communities and to support development, staff is recommending changes to the fire code. Specifically, section 15.04.020 – amendments and revisions, “Regardless of any conditions allowed in this section, all new commercial, industrial, and residential other than R-3 uses, shall be provided with an automatic sprinkler system.” The following would be replaced without any revisions and Section 903, Automatic Sprinkler Systems of the 2006 International Building Code would be referenced in its entirety.

Attached is an Ordinance changing the Village Code, a memorandum from the Village Attorney, a copy of the Village’s Fire Code, Chapter 15.44 (and the area to be changed), the 2006 International Building Code Section 903 – Automatic Sprinkler Systems, and Chapter 3, Use and Occupancy Classification of the 2006 International Building Code. Such classifications in Chapter 3 clarify the type of businesses contained in the grouping of section 903.

Recommended Action:

Adopt an Ordinance Amending the Round Lake Village Code, 2006, as Amended, by Rescinding a Local Amendment to the Building Code Related to Auto matic Sprinkler Systems in Village Buildings.

Committee: -	Meeting Date: 1/5 & 1/19/15																														
Lead Department: Administration	Presenter: Steven J. Shields, Village Administrator																														
<p>Item Budgeted: <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A</p> <p>If amount requested is over budget, a detailed explanation of what account(s) the overage will be charged to will be provided in the Executive Summary or attached detail.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Account(s)</th> <th style="text-align: center;">Budget</th> <th style="text-align: center;">Expenditure</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">XX-XX-XX-XXXXX</td> <td style="text-align: center;">-</td> <td></td> </tr> <tr> <td>Item Requested</td> <td></td> <td></td> </tr> <tr> <td>Y-T-D Actual</td> <td></td> <td></td> </tr> <tr> <td>Amount Encumbered</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">Total:</td> <td style="text-align: right;">\$0.00</td> <td style="text-align: right;">\$0.00</td> </tr> <tr> <td colspan="3">Request is over/under budget:</td> </tr> <tr> <td style="text-align: right;">Under</td> <td style="text-align: right;">-</td> <td></td> </tr> <tr> <td style="text-align: right;">Over</td> <td style="text-align: right;">-</td> <td></td> </tr> </tbody> </table>	Account(s)	Budget	Expenditure	XX-XX-XX-XXXXX	-		Item Requested			Y-T-D Actual			Amount Encumbered						Total:	\$0.00	\$0.00	Request is over/under budget:			Under	-		Over	-	
Account(s)	Budget	Expenditure																													
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Total:	\$0.00	\$0.00																													
Request is over/under budget:																															
Under	-																														
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ORDINANCE NO. 15-O-__

**AN ORDINANCE AMENDING THE ROUND LAKE VILLAGE CODE, 2006,
AS AMENDED, BY RESCINDING A LOCAL AMENDMENT TO
THE BUILDING CODE RELATED TO AUTOMATIC
SPRINKLER SYSTEMS IN VILLAGE BUILDINGS**

WHEREAS, the Village President and Board of Trustees (hereinafter collectively referred to as the “Village Board”) of the Village of Round Lake, Lake County, Illinois (hereinafter the “Village”), finds that certain amendments to the Round Lake Village Code, enacted in 2006, are not in the best interests of public health, safety, morals and welfare; and

WHEREAS, the Village Board further finds that rescinding a portion of the 2006 amendments to the Round Lake Village Code provides for the protection of the public health, safety, morals and welfare, and is otherwise in the public interest; and

NOW, THEREFORE, BE IT ORDAINED BY THE PRESIDENT AND BOARD OF TRUSTEES of the Village of Round Lake, Lake County, Illinois, as follows:

SECTION 1: The foregoing findings and recitals are hereby adopted as Section 1 of this Ordinance and are incorporated by reference as if set forth verbatim herein.

SECTION 2: The Municipal Code of the Village of Round Lake, as amended, shall be further amended in Chapter 15.04, Building Code Adopted, in the manner and form shown below with additions being underlined and deletions being shown in strikethrough text, so that Section 15.04.020, as it references Section 903.2.1 through Section 903.2.10.3 of the International Building Code, 2006 Edition, shall hereafter provide as follows:

903.2.1 through 903.2.10.3 These provisions of the International Building Code, 2006 Edition, shall be readopted as though fully set forth herein.

~~Delete this section in its entirety and substitute in its place the following:~~

~~Regardless of any conditions allowed in this section, all new commercial, industrial and residential buildings, other than R-3 uses (single family, duplex and townhouse residences), shall be provided with an automatic sprinkler system.~~

SECTION 3: That the Village Clerk is directed hereby to publish this Ordinance in pamphlet form, pursuant to the Statutes of the State of Illinois.

SECTION 4: That this Ordinance shall be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

APPROVED:

Daniel A. MacGillis, Village President

ATTEST:

Patricia C. Blauvelt, Village Clerk

PASSED:

APPROVED:

AYES:

NAYS:

ABSENT:

Tressler | LLP

MEMORANDUM

To: Mayor MacGillis and Village Board
Cc: Steve Shields, Village Administrator
From: Michael F. Zimmermann and Luke Glisan
Date: January 2, 2015
Re: Proposed amendment to the fire suppression requirements in the Round Lake Village Code

Introduction

This memorandum provides relevant information for discussion at the January 5, 2015 Committee of the Whole Meeting concerning a potential amendment to the fire suppression requirements in the Round Lake Village Code. The Round Lake Village Code currently provides, in Section 15.04.020:

Regardless of any conditions allowed in this section, all new commercial, industrial, and residential other than R-3 uses (single family, duplex and townhouse residence), shall be provided with an automatic sprinkler system.

Examples of Other Municipalities

Neighboring municipalities have a variety of differing standards for fire suppression. As you will see in the examples below, many municipalities set a square footage threshold that must first be met for fire suppression to be required. Municipalities also frequently distinguish between requirements for new construction, as opposed to requirements for existing buildings.

Example 1. Round Lake Beach

An automatic sprinkler system shall be provided throughout a fire area containing a Group A-3 or Business Group B occupancy where one of the following conditions exists:

1. The fire area exceeds 12,000 square feet (1115m²).
2. The fire area has an occupancy load of 300 or more.
3. The fire area is located on a floor other than the level of exit discharge.

An automatic sprinkler system shall be provided throughout all fire areas including basements containing a Group R-1 occupancy, R-2 occupancy, R-4 occupancy and throughout all dwelling

units in conformity with Village Ordinance #02-03-02.

Example 2. Mundelein

Buildings or structures which are newly constructed are required to install an NFPA 13 compliant automatic sprinkler system throughout the entire building, which shall be maintained in full operating condition at all times.

An automatic sprinkler system shall be provided in existing buildings that change from one occupancy classification to another occupancy classification, as defined in Chapter 2 of the code as follows.

From any occupancy classification to Business Group B, where one of the following conditions exists:

1. The fire area exceeds 12,000 square feet;
2. The fire area has an occupant load of 300 or more;
3. The fire area is located on a floor other than the level of exit discharge;
4. From any occupancy classification to Miscellaneous Group U.

Exceptions:

1. One and two family residence and accessory structures related thereto, unless specified elsewhere in this code.
2. Buildings and structures that are classified as Miscellaneous group shall not be required to install a required NFPA 13 compliant sprinkler system when all of the following are met:
 - a. Have a maximum floor area of 1000 square feet;
 - b. Are a maximum of two stories in height
 - c. Have a maximum building height of 25 feet, as measured to the average "mean" of the building or structure;
 - d. Have a minimum separation to other buildings or structures of 20 feet;
 - e. Cannot be used for storage of hazardous materials;
 - f. Shall have heat and/or smoke detectors, supervised by the Village of Mundelein Dispatch System in accordance with Section 907.2.2.

Example 3. Village of Volo

New construction – Automatic sprinkler systems shall be installed in all new commercial and industrial buildings of one thousand five hundred (1,500) square feet or more, gross building area. Automatic sprinkler systems shall be installed in all new health care, institutional, education, hotels, motels, dormitories, non-residential day care, and bed and breakfast facilities, and buildings with three (3) or more dwelling units regardless of size. Automatic sprinkler systems shall be installed in accordance with the National Fire Protection Association ("NFPA") standard no. 13, 2010 edition. The system shall also have the approval of the village fire code official in respect to design, installation, and number of fire zones. In the event that municipal water is not available at the time of the new construction the sprinkler systems shall be pre-piped within the building with a fire department connection and tied to the municipal

water system when it becomes available. This exception only applies to facilities amended by this ordinance.

Existing buildings – If an existing building is enlarged to three thousand (3000) square feet or more the building and/or the addition shall be equipped with a sprinkler system and a one hour fire rating shall protect the existing structure.

Example 4. Wauconda

New construction. Automatic sprinkler systems shall be installed in all new commercial and industrial occupancies of one thousand five hundred (1,500) square feet or more, gross building area. Automatic sprinkler systems shall be installed in all new health care, institutional, education, hotels, motels, dormitories, non-residential day care, and bed and breakfast facilities regardless of size. Automatic sprinkler systems shall be installed in accordance with the National Fire Protection Association Standard No. 13, 2002 Edition. The system shall also have the approval of the Village Fire Marshal in respect to design, installation, and number of fire zones.

Existing buildings. If the structure is larger than two thousand five hundred (2,500) square feet gross building area and if the structure is enlarged in any manner, a sprinkler system shall be installed.

Committee of the Whole Discussion

The examples above demonstrate that municipalities have discretion in establishing fire suppression standards. However, there are certain fire suppression standards that municipalities generally adhere to, such as those set forth by the National Fire Protection Association.

The Office of the Village Administrator recommends establishing a 12,000 square foot threshold as part of the Village's requirements for automatic sprinklers in existing buildings. As seen in the examples above, neighboring municipalities have adopted an identical square footage threshold as one part of a multi-factor standard to determine if a particular building needs automatic sprinklers.

Following the discussion by the Committee of the Whole, the Village's attorneys will review the proposed fire suppression standard to ensure compliance with all applicable legal guidelines.

Chapter 15.44 - FIRE CODE ADOPTED

Sections:

15.44.010 - International Fire Code, 2006 Edition, adopted.

That a certain document, three copies of which are on file in the office of the clerk of Round Lake, being marked and designated as the International Fire Code, 2006 Edition, as published by the International Code Council, be and is adopted as the Fire Code of the village of Round Lake, in the state of Illinois for regulating and governing the safeguarding of life and property from fire and explosion hazards arising from the storage, handling and use of hazardous substances, materials and devices, and from conditions hazardous to life or property in the occupancy of buildings and premises in as herein provided; providing for the issuance of permits and collection of fees therefore; and each and all of the regulations, provisions, penalties, conditions and terms of said Fire Code on file in the office of the village of Round Lake are referred to, adopted, and made a part hereof, as if fully set out in this chapter, with the additions, insertions, deletions and changes, if any, prescribed in Section 15.44.020 of this chapter.

(Ord. 07-0-05 § 1 (part))

15.04.020 - Amendments and revisions.

The following sections of the International Fire Code, 2006 Edition, are amended and revised as hereinafter stated:

Section 101.1. Insert: Village of Round Lake

Section 109.3. Insert: Misdemeanor, \$750, 180 days

Section 111.4. Insert: \$50, \$750

Section 201.3. Delete reference to the International Plumbing Code and replace with Illinois Plumbing Code.

Section 903.2.1 thru Section 903.2.10.3. Delete this section in its entirety and substitute in its place the following:

Regardless of any conditions allowed in this section, all new commercial, industrial, and residential other than R-3 uses (single family, duplex and townhouse residences), shall be provided with an automatic sprinkler system.

Section 907.1.2.1. Add the following to this section:

The transmission of all required automatic fire alarm signals shall be by wireless radio transmission to an approved location.

Section 903.3.5. Delete reference to the International Plumbing Code and replace with Illinois Plumbing Code.

Section 912.5. Delete reference to the International Plumbing Code and replace with Illinois Plumbing Code.



Section 2211.2.3. Delete reference to the International Plumbing Code and replace with Illinois Plumbing Code.

Section 2704.2.2.6. Delete reference to the International Plumbing Code and replace with Illinois Plumbing Code.

The geographic limits referred to in Sections 3204.3.1.1 thru 3804.2 of the 2006 International Fire Code are established as follows:

Section 3204.3.1.1 (geographic limits in which the storage of flammable cryogenic fluids in stationary containers is prohibited): Village of Round Lake.

Section 3404.2.9.5.1 (geographic limits in which the storage of Class I and Class II liquids in above-ground tanks outside of buildings is prohibited): Village of Round Lake.

Section 3406.2.4.4 (geographic limits in which the storage of Class I and Class II liquids in above-ground tanks is prohibited): Village of Round Lake.

Section 3804.2 (geographic limits in which the storage of liquefied petroleum gas is restricted for the protection of heavily populated or congested areas): Village of Round Lake.

Chapter 45. Delete all references to the International Plumbing Code and replace with Illinois Plumbing Code.

(Ord. 07-O-05 § 1 (part))

[F] WIRELESS PROTECTION SYSTEM. A system or a part of a system that can transmit and receive signals without the aid of wire.

[F] ZONE. A defined area within the protected premises. A zone can define an area from which a signal can be received, an area to which a signal can be sent or an area in which a form of control can be executed.

SECTION 903 AUTOMATIC SPRINKLER SYSTEMS

[F] 903.1 General. Automatic sprinkler systems shall comply with this section.

[F] 903.1.1 Alternative protection. Alternative automatic fire-extinguishing systems complying with Section 904 shall be permitted in lieu of automatic sprinkler protection where recognized by the applicable standard and approved by the fire code official.

[F] 903.2 Where required. Approved automatic sprinkler systems in new buildings and structures shall be provided in the locations described in this section.

Exception: Spaces or areas in telecommunications buildings used exclusively for telecommunications equipment, associated electrical power distribution equipment, batteries and standby engines, provided those spaces or areas are equipped throughout with an automatic fire alarm system and are separated from the remainder of the building by fire barriers consisting of not less than 1-hour fire-resistance-rated walls and 2-hour fire-resistance-rated floor/ceiling assemblies.

[F] 903.2.1 Group A. An automatic sprinkler system shall be provided throughout buildings and portions thereof used as Group A occupancies as provided in this section. For Group A-1, A-2, A-3 and A-4 occupancies, the automatic sprinkler system shall be provided throughout the floor area where the Group A-1, A-2, A-3 or A-4 occupancy is located, and in all floors between the Group A occupancy and the level of exit discharge. For Group A-5 occupancies, the automatic sprinkler system shall be provided in the spaces indicated in Section 903.2.1.5.

[F] 903.2.1.1 Group A-1. An automatic sprinkler system shall be provided for Group A-1 occupancies where one of the following conditions exists:

1. The fire area exceeds 12,000 square feet (1115 m²).
2. The fire area has an occupant load of 300 or more.
3. The fire area is located on a floor other than the level of exit discharge.
4. The fire area contains a multitheater complex.

[F] 903.2.1.2 Group A-2. An automatic sprinkler system shall be provided for Group A-2 occupancies where one of the following conditions exists:

1. The fire area exceeds 5,000 square feet (465 m²);
2. The fire area has an occupant load of 100 or more; or

3. The fire area is located on a floor other than the level of exit discharge.

[F] 903.2.1.3 Group A-3. An automatic sprinkler system shall be provided for Group A-3 occupancies where one of the following conditions exists:

1. The fire area exceeds 12,000 square feet (1115 m²).
2. The fire area has an occupant load of 300 or more.
3. The fire area is located on a floor other than the level of exit discharge.

Exception: Areas used exclusively as participant sports areas where the main floor area is located at the same level as the level of exit discharge of the main entrance and exit.

[F] 903.2.1.4 Group A-4. An automatic sprinkler system shall be provided for Group A-4 occupancies where one of the following conditions exists:

1. The fire area exceeds 12,000 square feet (1115 m²).
2. The fire area has an occupant load of 300 or more.
3. The fire area is located on a floor other than the level of exit discharge.

Exception: Areas used exclusively as participant sports areas where the main floor area is located at the same level as the level of exit discharge of the main entrance and exit.

[F] 903.2.1.5 Group A-5. An automatic sprinkler system shall be provided for Group A-5 occupancies in the following areas: concession stands, retail areas, press boxes and other accessory use areas in excess of 1,000 square feet (93 m²).

[F] 903.2.2 Group E. An automatic sprinkler system shall be provided for Group E occupancies as follows:

1. Throughout all Group E fire areas greater than 20,000 square feet (1858 m²) in area.
2. Throughout every portion of educational buildings below the level of exit discharge.

Exception: An automatic sprinkler system is not required in any fire area or area below the level of exit discharge where every classroom throughout the building has at least one exterior exit door at ground level.

[F] 903.2.3 Group F-1. An automatic sprinkler system shall be provided throughout all buildings containing a Group F-1 occupancy where one of the following conditions exists:

1. Where a Group F-1 fire area exceeds 12,000 square feet (1115 m²);
2. Where a Group F-1 fire area is located more than three stories above grade plane; or
3. Where the combined area of all Group F-1 fire areas on all floors, including any mezzanines, exceeds 24,000 square feet (2230 m²).

[F] 903.2.3.1 **Woodworking operations.** An automatic sprinkler system shall be provided throughout all Group F-1 occupancy fire areas that contain woodworking operations in excess of 2,500 square feet (232 m²) in area which generate finely divided combustible waste or use finely divided combustible materials.

[F] 903.2.4 **Group H.** Automatic sprinkler systems shall be provided in high-hazard occupancies as required in Sections 903.2.4.1 through 903.2.4.3.

[F] 903.2.4.1 **General.** An automatic sprinkler system shall be installed in Group H occupancies.

[F] 903.2.4.2 **Group H-5.** An automatic sprinkler system shall be installed throughout buildings containing Group H-5 occupancies. The design of the sprinkler system shall not be less than that required by this code for the occupancy hazard classifications in accordance with Table 903.2.4.2. Where the design area of the sprinkler system consists of a corridor protected by one row of sprinklers, the maximum number of sprinklers required to be calculated is 13.

[F] TABLE 903.2.4.2
GROUP H-5 SPRINKLER DESIGN CRITERIA

LOCATION	OCCUPANCY HAZARD CLASSIFICATION
Fabrication areas	Ordinary Hazard Group 2
Service corridors	Ordinary Hazard Group 2
Storage rooms without dispensing	Ordinary Hazard Group 2
Storage rooms with dispensing	Extra Hazard Group 2
Corridors	Ordinary Hazard Group 2

[F] 903.2.4.3 **Pyroxylin plastics.** An automatic sprinkler system shall be provided in buildings, or portions thereof, where cellulose nitrate film or pyroxylin plastics are manufactured, stored or handled in quantities exceeding 100 pounds (45 kg).

[F] 903.2.5 **Group I.** An automatic sprinkler system shall be provided throughout buildings with a Group I fire area.

Exception: An automatic sprinkler system installed in accordance with Section 903.3.1.2 or 903.3.1.3 shall be allowed in Group I-1 facilities.

[F] 903.2.6 **Group M.** An automatic sprinkler system shall be provided throughout buildings containing a Group M occupancy where one of the following conditions exists:

1. Where a Group M fire area exceeds 12,000 square feet (1115 m²);
2. Where a Group M fire area is located more than three stories above grade plane; or
3. Where the combined area of all Group M fire areas on all floors, including any mezzanines, exceeds 24,000 square feet (2230 m²).

[F] 903.2.6.1 **High-piled storage.** An automatic sprinkler system shall be provided in accordance with the *International Fire Code* in all buildings of Group M where storage of merchandise is in high-piled or rack storage arrays.

[F] 903.2.7 **Group R.** An automatic sprinkler system installed in accordance with Section 903.3 shall be provided throughout all buildings with a Group R fire area.

[F] 903.2.8 **Group S-1.** An automatic sprinkler system shall be provided throughout all buildings containing a Group S-1 occupancy where one of the following conditions exists:

1. A Group S-1 fire area exceeds 12,000 square feet (1115 m²);
2. A Group S-1 fire area is located more than three stories above grade plane; or
3. The combined area of all Group S-1 fire areas on all floors, including any mezzanines, exceeds 24,000 square feet (2230 m²).

[F] 903.2.8.1 **Repair garages.** An automatic sprinkler system shall be provided throughout all buildings used as repair garages in accordance with Section 406, as shown:

1. Buildings two or more stories in height, including basements, with a fire area containing a repair garage exceeding 10,000 square feet (929 m²).
2. One-story buildings with a fire area containing a repair garage exceeding 12,000 square feet (1115 m²).
3. Buildings with a repair garage servicing vehicles parked in the basement.

[F] 903.2.8.2 **Bulk storage of tires.** Buildings and structures where the area for the storage of tires exceeds 20,000 cubic feet (566 m³) shall be equipped throughout with an automatic sprinkler system in accordance with Section 903.3.1.1.

[F] 903.2.9 **Group S-2.** An automatic sprinkler system shall be provided throughout buildings classified as enclosed parking garages in accordance with Section 406.4 or where located beneath other groups.

Exception: Enclosed parking garages located beneath Group R-3 occupancies.

[F] 903.2.9.1 **Commercial parking garages.** An automatic sprinkler system shall be provided throughout buildings used for storage of commercial trucks or buses where the fire area exceeds 5,000 square feet (464 m²).

[F] 903.2.10 **Windowless stories in all occupancies.** An automatic sprinkler system shall be installed in the locations set forth in Sections 903.2.10.1 through 903.2.10.1.3.

Exception: Group R-3 and Group U.

[F] 903.2.10.1 **Stories and basements without openings.** An automatic sprinkler system shall be installed throughout every story or basement of all buildings where the floor area exceeds 1,500 square feet (139.4 m²) and where there is not provided at least one of the following types of exterior wall openings:

1. Openings below grade that lead directly to ground level by an exterior stairway complying with Section 1009 or an outside ramp complying with Section 1010. Openings shall be located in each 50

linear feet (15 240 mm), or fraction thereof, of exterior wall in the story on at least one side.

2. Openings entirely above the adjoining ground level totaling at least 20 square feet (1.86 m²) in each 50 linear feet (15 240 mm), or fraction thereof, of exterior wall in the story on at least one side.

[F] 903.2.10.1.1 Opening dimensions and access. Openings shall have a minimum dimension of not less than 30 inches (762 mm). Such openings shall be accessible to the fire department from the exterior and shall not be obstructed in a manner that fire fighting or rescue cannot be accomplished from the exterior.

[F] 903.2.10.1.2 Openings on one side only. Where openings in a story are provided on only one side and the opposite wall of such story is more than 75 feet (22 860 mm) from such openings, the story shall be equipped throughout with an approved automatic sprinkler system, or openings as specified above shall be provided on at least two sides of the story.

[F] 903.2.10.1.3 Basements. Where any portion of a basement is located more than 75 feet (22 860 mm) from openings required by Section 903.2.10.1, the basement shall be equipped throughout with an approved automatic sprinkler system.

[F] 903.2.10.2 Rubbish and linen chutes. An automatic sprinkler system shall be installed at the top of rubbish and linen chutes and in their terminal rooms. Chutes extending through three or more floors shall have additional sprinkler heads installed within such chutes at alternate floors. Chute sprinklers shall be accessible for servicing.

[F] 903.2.10.3 Buildings 55 feet or more in height. An automatic sprinkler system shall be installed throughout buildings with a floor level having an occupant load of 30 or more that is located 55 feet (16 764 mm) or more above the lowest level of fire department vehicle access.

Exceptions:

1. Airport control towers.
2. Open parking structures.
3. Occupancies in Group F-2.

[F] 903.2.11 During construction. Automatic sprinkler systems required during construction, alteration and demolition operations shall be provided in accordance with the *International Fire Code*.

[F] 903.2.12 Other hazards. Automatic sprinkler protection shall be provided for the hazards indicated in Sections 903.2.12.1 and 903.2.12.2.

[F] 903.2.12.1 Ducts conveying hazardous exhausts. Where required by the *International Mechanical Code*, automatic sprinklers shall be provided in ducts conveying hazardous exhaust, or flammable or combustible materials.

Exception: Ducts in which the largest cross-sectional diameter of the duct is less than 10 inches (254 mm).

[F] 903.2.12.2 Commercial cooking operations. An automatic sprinkler system shall be installed in commercial kitchen exhaust hood and duct system where an automatic sprinkler system is used to comply with Section 904.

[F] 903.2.13 Other required suppression systems. In addition to the requirements of Section 903.2, the provisions indicated in Table 903.2.13 also require the installation of a suppression system for certain buildings and areas.

**[F] TABLE 903.2.13
ADDITIONAL REQUIRED SUPPRESSION SYSTEMS**

SECTION	SUBJECT
402.8	Covered malls
403.2, 403.3	High-rise buildings
404.3	Atriums
405.3	Underground structures
407.5	Group I-2
410.6	Stages
411.4	Special amusement buildings
412.2.5, 412.2.6	Aircraft hangars
415.6.2.4	Group H-2
416.4	Flammable finishes
417.4	Drying rooms
507	Unlimited area buildings
508.2	Incidental use areas
1025.6.2.3	Smoke-protected assembly seating
IFC	Sprinkler system requirements as set forth in Section 903.2.13 of the <i>International Fire Code</i>

[F] 903.3 Installation requirements. Automatic sprinkler systems shall be designed and installed in accordance with Sections 903.3.1 through 903.3.7.

[F] 903.3.1 Standards. Sprinkler systems shall be designed and installed in accordance with Section 903.3.1.1, 903.3.1.2 or 903.3.1.3.

[F] 903.3.1.1 NFPA 13 sprinkler systems. Where the provisions of this code require that a building or portion thereof be equipped throughout with an automatic sprinkler system in accordance with this section, sprinklers shall be installed throughout in accordance with NFPA 13 except as provided in Section.

[F] 903.3.1.1.1 Exempt locations. Automatic sprinklers shall not be required in the following rooms or areas where such rooms or areas are protected with an approved automatic fire detection system, in accordance with Section 907.2, that will respond to visible or invisible particles of combustion. Sprinklers shall not be omitted from any room merely because it is damp, of fire-resistance-rated construction or contains electrical equipment.

1. Any room where the application of water, or flame and water, constitutes a serious life or fire hazard.
2. Any room or space where sprinklers are considered undesirable because of the nature of the contents, when approved by the fire code official.
3. Generator and transformer rooms separated from the remainder of the building by walls and floor/ceiling or roof/ceiling assemblies having a fire-resistance rating of not less than 2 hours.
4. In rooms or areas that are of noncombustible construction with wholly noncombustible contents.

[F] 903.3.1.2 NFPA 13R sprinkler systems. Where allowed in buildings of Group R, up to and including four stories in height, automatic sprinkler systems shall be installed throughout in accordance with NFPA 13R.

[F] 903.3.1.2.1 Balconies and decks. Sprinkler protection shall be provided for exterior balconies, decks and ground floor patios of dwelling units where the building is of Type V construction. Sidewall sprinklers that are used to protect such areas shall be permitted to be located such that their deflectors are within 1 inch (25 mm) to 6 inches (152 mm) below the structural members and a maximum distance of 14 inches (356 mm) below the deck of the exterior balconies and decks that are constructed of open wood joist construction.

[F] 903.3.1.3 NFPA 13D sprinkler systems. Where allowed, automatic sprinkler systems in one- and two-family dwellings shall be installed throughout in accordance with NFPA 13D.

[F] 903.3.2 Quick-response and residential sprinklers. Where automatic sprinkler systems are required by this code, quick-response or residential automatic sprinklers shall be installed in the following areas in accordance with Section 903.3.1 and their listings:

1. Throughout all spaces within a smoke compartment containing patient sleeping units in Group I-2 in accordance with this code.
2. Dwelling units, and sleeping units in Group R and I-1 occupancies.
3. Light-hazard occupancies as defined in NFPA 13.

[F] 903.3.3 Obstructed locations. Automatic sprinklers shall be installed with due regard to obstructions that will delay activation or obstruct the water distribution pattern. Automatic sprinklers shall be installed in or under covered kiosks, displays, booths, concession stands, or equipment that exceeds 4 feet (1219 mm) in width. Not less than a 3-foot (914 mm) clearance shall be maintained between automatic sprinklers and the top of piles of combustible fibers.

Exception: Kitchen equipment under exhaust hoods protected with a fire-extinguishing system in accordance with Section 904.

[F] 903.3.4 Actuation. Automatic sprinkler systems shall be automatically actuated unless specifically provided for in this code.

[F] 903.3.5 Water supplies. Water supplies for automatic sprinkler systems shall comply with this section and the standards referenced in Section 903.3.1. The potable water supply shall be protected against backflow in accordance with the requirements of this section and the *International Plumbing Code*.

[F] 903.3.5.1 Domestic services. Where the domestic service provides the water supply for the automatic sprinkler system, the supply shall be in accordance with this section.

[F] 903.3.5.1.1 Limited area sprinkler systems. Limited area sprinkler systems serving fewer than 20 sprinklers on any single connection are permitted to be connected to the domestic service where a wet automatic standpipe is not available. Limited area sprinkler systems connected to domestic water supplies shall comply with each of the following requirements:

1. Valves shall not be installed between the domestic water riser control valve and the sprinklers.

Exception: An approved indicating control valve supervised in the open position in accordance with Section 903.4.

2. The domestic service shall be capable of supplying the simultaneous domestic demand and the sprinkler demand required to be hydraulically calculated by NFPA 13, NFPA 13R or NFPA 13D.

[F] 903.3.5.1.2 Residential combination services. A single combination water supply shall be allowed provided that the domestic demand is added to the sprinkler demand as required by NFPA 13R.

[F] 903.3.5.2 Secondary water supply. A secondary on-site water supply equal to the hydraulically calculated sprinkler demand, including the hose stream requirement, shall be provided for high-rise buildings in Seismic Design Category C, D, E or F as determined by this code. The secondary water supply shall have a duration of not less than 30 minutes as determined by the occupancy hazard classification in accordance with NFPA 13.

Exception: Existing buildings.

[F] 903.3.6 Hose threads. Fire hose threads and fittings used in connection with automatic sprinkler systems shall be as prescribed by the fire code official.

[F] 903.4 Sprinkler system monitoring and alarms. All valves controlling the water supply for automatic sprinkler sys-

tems, pumps, tanks, water levels and temperatures, critical air pressures and water-flow switches on all sprinkler systems shall be electrically supervised.

Exceptions:

1. Automatic sprinkler systems protecting one- and two-family dwellings.
2. Limited area systems serving fewer than 20 sprinklers.
3. Automatic sprinkler systems installed in accordance with NFPA 13R where a common supply main is used to supply both domestic water and the automatic sprinkler systems and a separate shutoff valve for the automatic sprinkler system is not provided.
4. Jockey pump control valves that are sealed or locked in the open position.
5. Control valves to commercial kitchen hoods, paint spray booths or dip tanks that are sealed or locked in the open position.
6. Valves controlling the fuel supply to fire pump engines that are sealed or locked in the open position.
7. Trim valves to pressure switches in dry, preaction and deluge sprinkler systems that are sealed or locked in the open position.

[F] 903.4.1 **Signals.** Alarm, supervisory and trouble signals shall be distinctly different and automatically transmitted to an approved central station, remote supervising station or proprietary supervising station as defined in NFPA 72 or, when approved by the fire code official, shall sound an audible signal at a constantly attended location.

Exceptions:

1. Underground key or hub valves in roadway boxes provided by the municipality or public utility are not required to be monitored.
2. Backflow prevention device test valves located in limited area sprinkler system supply piping shall be locked in the open position. In occupancies required to be equipped with a fire alarm system, the backflow preventer valves shall be electrically supervised by a tamper switch installed in accordance with NFPA 72 and separately annunciated.

[F] 903.4.2 **Alarms.** Approved audible devices shall be connected to every automatic sprinkler system. Such sprinkler water-flow alarm devices shall be activated by water flow equivalent to the flow of a single sprinkler of the smallest orifice size installed in the system. Alarm devices shall be provided on the exterior of the building in an approved location. Where a fire alarm system is installed, actuation of the automatic sprinkler system shall actuate the building fire alarm system.

[F] 903.4.3 **Floor control valves.** Approved supervised indicating control valves shall be provided at the point of connection to the riser on each floor in high-rise buildings.

[F] 903.5 **Testing and maintenance.** Sprinkler systems shall be tested and maintained in accordance with the *International Fire Code*.

**SECTION 904
ALTERNATIVE AUTOMATIC
FIRE-EXTINGUISHING SYSTEMS**

[F] 904.1 **General.** Automatic fire-extinguishing systems, other than automatic sprinkler systems, shall be designed, installed, inspected, tested and maintained in accordance with the provisions of this section and the applicable referenced standards.

[F] 904.2 **Where required.** Automatic fire-extinguishing systems installed as an alternative to the required automatic sprinkler systems of Section 903 shall be approved by the fire code official. Automatic fire-extinguishing systems shall not be considered alternatives for the purposes of exceptions or reductions allowed by other requirements of this code.

[F] 904.2.1 **Commercial hood and duct systems.** Each required commercial kitchen exhaust hood and duct system required by the *International Fire Code* or the *International Mechanical Code* to have a Type I hood shall be protected with an approved automatic fire-extinguishing system installed in accordance with this code.

[F] 904.3 **Installation.** Automatic fire-extinguishing systems shall be installed in accordance with this section.

[F] 904.3.1 **Electrical wiring.** Electrical wiring shall be in accordance with the *ICC Electrical Code*.

[F] 904.3.2 **Actuation.** Automatic fire-extinguishing systems shall be automatically actuated and provided with a manual means of actuation in accordance with Section 904.11.1.

[F] 904.3.3 **System interlocking.** Automatic equipment interlocks with fuel shutoffs, ventilation controls, door closers, window shutters, conveyor openings, smoke and heat vents and other features necessary for proper operation of the fire-extinguishing system shall be provided as required by the design and installation standard utilized for the hazard.

[F] 904.3.4 **Alarms and warning signs.** Where alarms are required to indicate the operation of automatic fire-extinguishing systems, distinctive audible and visible alarms and warning signs shall be provided to warn of pending agent discharge. Where exposure to automatic-extinguishing agents poses a hazard to persons and a delay is required to ensure the evacuation of occupants before agent discharge, a separate warning signal shall be provided to alert occupants once agent discharge has begun. Audible signals shall be in accordance with Section 907.9.2.

[F] 904.3.5 **Monitoring.** Where a building fire alarm system is installed, automatic fire-extinguishing systems shall be monitored by the building fire alarm system in accordance with NFPA 72.

[F] 904.4 **Inspection and testing.** Automatic fire-extinguishing systems shall be inspected and tested in accordance with the provisions of this section prior to acceptance.

[F] 904.4.1 **Inspection.** Prior to conducting final acceptance tests, the following items shall be inspected:

1. Hazard specification for consistency with design hazard.

CHAPTER 3

USE AND OCCUPANCY CLASSIFICATION

SECTION 301 GENERAL

301.1 Scope. The provisions of this chapter shall control the classification of all buildings and structures as to use and occupancy.

SECTION 302 CLASSIFICATION

302.1 General. Structures or portions of structures shall be classified with respect to occupancy in one or more of the groups listed below. A room or space that is intended to be occupied at different times for different purposes shall comply with all of the requirements that are applicable to each of the purposes for which the room or space will be occupied. Structures with multiple occupancies or uses shall comply with Section 508. Where a structure is proposed for a purpose that is not specifically provided for in this code, such structure shall be classified in the group that the occupancy most nearly resembles, according to the fire safety and relative hazard involved.

1. Assembly (see Section 303): Groups A-1, A-2, A-3, A-4 and A-5
2. Business (see Section 304): Group B
3. Educational (see Section 305): Group E
4. Factory and Industrial (see Section 306): Groups F-1 and F-2
5. High Hazard (see Section 307): Groups H-1, H-2, H-3, H-4 and H-5
6. Institutional (see Section 308): Groups I-1, I-2, I-3 and I-4
7. Mercantile (see Section 309): Group M
8. Residential (see Section 310): Groups R-1, R-2, R-3 and R-4
9. Storage (see Section 311): Groups S-1 and S-2
10. Utility and Miscellaneous (see Section 312): Group U

SECTION 303 ASSEMBLY GROUP A

303.1 Assembly Group A. Assembly Group A occupancy includes, among others, the use of a building or structure, or a portion thereof, for the gathering of persons for purposes such as civic, social or religious functions; recreation, food or drink consumption; or awaiting transportation.

Exceptions:

1. A building used for assembly purposes with an occupant load of less than 50 persons shall be classified as a Group B occupancy.

2. A room or space used for assembly purposes with an occupant load of less than 50 persons and accessory to another occupancy shall be classified as a Group B occupancy or as part of that occupancy.
3. A room or space used for assembly purposes that is less than 750 square feet (70 m²) in area and is accessory to another occupancy shall be classified as a Group B occupancy or as part of that occupancy.

Assembly occupancies shall include the following:

A-1 Assembly uses, usually with fixed seating, intended for the production and viewing of the performing arts or motion pictures including, but not limited to:

Motion picture theaters
Symphony and concert halls
Television and radio studios admitting an audience
Theaters

A-2 Assembly uses intended for food and/or drink consumption including, but not limited to:

Banquet halls
Night clubs
Restaurants
Taverns and bars

A-3 Assembly uses intended for worship, recreation or amusement and other assembly uses not classified elsewhere in Group A including, but not limited to:

Amusement arcades
Art galleries
Bowling alleys
Places of religious worship
Community halls
Courtrooms
Dance halls (not including food or drink consumption)
Exhibition halls
Funeral parlors
Gymnasiums (without spectator seating)
Indoor swimming pools (without spectator seating)
Indoor tennis courts (without spectator seating)
Lecture halls
Libraries
Museums
Waiting areas in transportation terminals
Pool and billiard parlors

A-4 Assembly uses intended for viewing of indoor sporting events and activities with spectator seating including, but not limited to:

Arenas
Skating rinks
Swimming pools
Tennis courts

USE AND OCCUPANCY CLASSIFICATION

A-5 Assembly uses intended for participation in or viewing outdoor activities including, but not limited to:

- Amusement park structures
- Bleachers
- Grandstands
- Stadiums

SECTION 304 BUSINESS GROUP B

304.1 Business Group B. Business Group B occupancy includes, among others, the use of a building or structure, or a portion thereof, for office, professional or service-type transactions, including storage of records and accounts. Business occupancies shall include, but not be limited to, the following:

- Airport traffic control towers
- Animal hospitals, kennels and pounds
- Banks
- Barber and beauty shops
- Car wash
- Civic administration
- Clinic—outpatient
- Dry cleaning and laundries: pick-up and delivery stations and self-service
- Educational occupancies for students above the 12th grade
- Electronic data processing
- Laboratories: testing and research
- Motor vehicle showrooms
- Post offices
- Print shops
- Professional services (architects, attorneys, dentists, physicians, engineers, etc.)
- Radio and television stations
- Telephone exchanges
- Training and skill development not within a school or academic program

SECTION 305 EDUCATIONAL GROUP E

305.1 Educational Group E. Educational Group E occupancy includes, among others, the use of a building or structure, or a portion thereof, by six or more persons at any one time for educational purposes through the 12th grade. Religious educational rooms and religious auditoriums, which are accessory to places of religious worship in accordance with Section 508.3.1 and have occupant loads of less than 100, shall be classified as A-3 occupancies.

305.2 Day care. The use of a building or structure, or portion thereof, for educational, supervision or personal care services for more than five children older than 2½ years of age, shall be classified as a Group E occupancy.

SECTION 306 FACTORY GROUP F

306.1 Factory Industrial Group F. Factory Industrial Group F occupancy includes, among others, the use of a building or

structure, or a portion thereof, for assembling, disassembling, fabricating, finishing, manufacturing, packaging, repair or processing operations that are not classified as a Group H hazardous or Group S storage occupancy.

306.2 Factory Industrial F-1 Moderate-hazard Occupancy. Factory industrial uses which are not classified as Factory Industrial F-2 Low Hazard shall be classified as F-1 Moderate Hazard and shall include, but not be limited to, the following:

- Aircraft
- Appliances
- Athletic equipment
- Automobiles and other motor vehicles
- Bakeries
- Beverages; over 12-percent alcohol content
- Bicycles
- Boats
- Brooms or brushes
- Business machines
- Cameras and photo equipment
- Canvas or similar fabric
- Carpets and rugs (includes cleaning)
- Clothing
- Construction and agricultural machinery
- Disinfectants
- Dry cleaning and dyeing
- Electric generation plants
- Electronics
- Engines (including rebuilding)
- Food processing
- Furniture
- Hemp products
- Jute products
- Laundries
- Leather products
- Machinery
- Metals
- Millwork (sash & door)
- Motion pictures and television filming (without spectators)
- Musical instruments
- Optical goods
- Paper mills or products
- Photographic film
- Plastic products
- Printing or publishing
- Recreational vehicles
- Refuse incineration
- Shoes
- Soaps and detergents
- Textiles
- Tobacco
- Trailers
- Upholstering
- Wood; distillation
- Woodworking (cabinet)

306.3 Factory Industrial F-2 Low-hazard Occupancy. Factory industrial uses that involve the fabrication or manufacturing of noncombustible materials which during finishing, packing or processing do not involve a significant fire hazard

shall be classified as F-2 occupancies and shall include, but not be limited to, the following:

Beverages; up to and including 12-percent alcohol content
 Brick and masonry
 Ceramic products
 Foundries
 Glass products
 Gypsum
 Ice
 Metal products (fabrication and assembly)

SECTION 307 HIGH-HAZARD GROUP H

[F] 307.1 High-hazard Group H. High-hazard Group H occupancy includes, among others, the use of a building or structure, or a portion thereof, that involves the manufacturing, processing, generation or storage of materials that constitute a physical or health hazard in quantities in excess of those allowed in control areas constructed and located as required in Section 414. Hazardous uses are classified in Groups H-1, H-2, H-3, H-4 and H-5 and shall be in accordance with this section, the requirements of Section 415 and the *International Fire Code*.

Exceptions: The following shall not be classified in Group H, but shall be classified in the occupancy that they most nearly resemble:

1. Buildings and structures that contain not more than the maximum allowable quantities per control area of hazardous materials as shown in Tables 307.1(1) and 307.1(2), provided that such buildings are maintained in accordance with the *International Fire Code*.
2. Buildings utilizing control areas in accordance with Section 414.2 that contain not more than the maximum allowable quantities per control area of hazardous materials as shown in Tables 307.1(1) and 307.1(2).
3. Buildings and structures occupied for the application of flammable finishes, provided that such buildings or areas conform to the requirements of Section 416 and the *International Fire Code*.
4. Wholesale and retail sales and storage of flammable and combustible liquids in mercantile occupancies conforming to the *International Fire Code*.
5. Closed piping containing flammable or combustible liquids or gases utilized for the operation of machinery or equipment.
6. Cleaning establishments that utilize combustible liquid solvents having a flash point of 140°F (60°C) or higher in closed systems employing equipment listed by an approved testing agency, provided that this occupancy is separated from all other areas of the building by 1-hour fire barriers or 1-hour horizontal assemblies or both.
7. Cleaning establishments that utilize a liquid solvent having a flash point at or above 200°F (93°C).

8. Liquor stores and distributors without bulk storage.
9. Refrigeration systems.
10. The storage or utilization of materials for agricultural purposes on the premises.
11. Stationary batteries utilized for facility emergency power, uninterrupted power supply or telecommunication facilities, provided that the batteries are provided with safety venting caps and ventilation is provided in accordance with the *International Mechanical Code*.
12. Corrosives shall not include personal or household products in their original packaging used in retail display or commonly used building materials.
13. Buildings and structures occupied for aerosol storage shall be classified as Group S-1, provided that such buildings conform to the requirements of the *International Fire Code*.
14. Display and storage of nonflammable solid and nonflammable or noncombustible liquid hazardous materials in quantities not exceeding the maximum allowable quantity per control area in Group M or S occupancies complying with Section 414.2.5.
15. The storage of black powder, smokeless propellant and small arms primers in Groups M and R-3 and special industrial explosive devices in Groups B, F, M and S, provided such storage conforms to the quantity limits and requirements prescribed in the *International Fire Code*.

307.1.1 Hazardous materials. Hazardous materials in any quantity shall conform to the requirements of this code, including Section 414, and the *International Fire Code*.

[F] 307.2 Definitions. The following words and terms shall, for the purposes of this section and as used elsewhere in this code, have the meanings shown herein.

AEROSOL. A product that is dispensed from an aerosol container by a propellant.

Aerosol products shall be classified by means of the calculation of their chemical heats of combustion and shall be designated Level 1, 2 or 3.

Level 1 aerosol products. Those with a total chemical heat of combustion that is less than or equal to 8,600 British thermal units per pound (Btu/lb) (20 kJ/g).

Level 2 aerosol products. Those with a total chemical heat of combustion that is greater than 8,600 Btu/lb (20 kJ/g), but less than or equal to 13,000 Btu/lb (30 kJ/g).

Level 3 aerosol products. Those with a total chemical heat of combustion that is greater than 13,000 Btu/lb (30 kJ/g).

AEROSOL CONTAINER. A metal can or a glass or plastic bottle designed to dispense an aerosol. Metal cans shall be limited to a maximum size of 33.8 fluid ounces (1,000 ml). Glass or plastic bottles shall be limited to a maximum size of 4 fluid ounces (118 ml).

BALED COTTON. A natural seed fiber wrapped in and secured with industry accepted materials, usually consisting of

burlap, woven polypropylene, polyethylene or cotton or sheet polyethylene, and secured with steel, synthetic or wire bands or wire; also includes linters (lint removed from the cottonseed) and motes (residual materials from the ginning process).

BALED COTTON, DENSELY PACKED. Cotton made into banded bales with a packing density of at least 22 pounds per cubic foot (360 kg/m³), and dimensions complying with the following: a length of 55 inches (1397 ± 20 mm), a width of 21 inches (533.4 ± 20 mm) and a height of 27.6 to 35.4 inches (701 to 899 mm).

BARRICADE. A structure that consists of a combination of walls, floor and roof, which is designed to withstand the rapid release of energy in an explosion and which is fully confined, partially vented or fully vented; or other effective method of shielding from explosive materials by a natural or artificial barrier.

Artificial barricade. An artificial mound or revetment a minimum thickness of 3 feet (914 mm).

Natural barricade. Natural features of the ground, such as hills, or timber of sufficient density that the surrounding exposures that require protection cannot be seen from the magazine or building containing explosives when the trees are bare of leaves.

BOILING POINT. The temperature at which the vapor pressure of a liquid equals the atmospheric pressure of 14.7 pounds per square inch (psi) (101 kPa) gage or 760 mm of mercury. Where an accurate boiling point is unavailable for the material in question, or for mixtures which do not have a constant boiling point, for the purposes of this classification, the 20-percent evaporated point of a distillation performed in accordance with ASTM D 86 shall be used as the boiling point of the liquid.

CLOSED SYSTEM. The use of a solid or liquid hazardous material involving a closed vessel or system that remains closed during normal operations where vapors emitted by the product are not liberated outside of the vessel or system and the product is not exposed to the atmosphere during normal operations; and all uses of compressed gases. Examples of closed systems for solids and liquids include product conveyed through a piping system into a closed vessel, system or piece of equipment.

COMBUSTIBLE DUST. Finely divided solid material that is 420 microns or less in diameter and which, when dispersed in air in the proper proportions, could be ignited by a flame, spark or other source of ignition. Combustible dust will pass through a U.S. No. 40 standard sieve.

COMBUSTIBLE FIBERS. Readily ignitable and free-burning materials in a fibrous or shredded form, such as cocoa fiber, cloth, cotton, excelsior, hay, hemp, henequen, istle, jute, kapok, oakum, rags, sisal, Spanish moss, straw, tow, wastepaper, certain synthetic fibers or other like materials. This definition does not include densely packed baled cotton.

COMBUSTIBLE LIQUID. A liquid having a closed cup flash point at or above 100°F (38°C). Combustible liquids shall be subdivided as follows:

Class II. Liquids having a closed cup flash point at or above 100°F (38°C) and below 140°F (60°C).

Class IIIA. Liquids having a closed cup flash point at or above 140°F (60°C) and below 200°F (93°C).

Class IIIB. Liquids having a closed cup flash point at or above 200°F (93°C).

The category of combustible liquids does not include compressed gases or cryogenic fluids.

COMPRESSED GAS. A material, or mixture of materials which:

1. Is a gas at 68°F (20°C) or less at 14.7 pounds per square inch atmosphere (psia) (101 kPa) of pressure; and
2. Has a boiling point of 68°F (20°C) or less at 14.7 psia (101 kPa) which is either liquefied, nonliquefied or in solution, except those gases which have no other health- or physical-hazard properties are not considered to be compressed until the pressure in the packaging exceeds 41 psia (282 kPa) at 68°F (20°C).

The states of a compressed gas are categorized as follows:

1. Nonliquefied compressed gases are gases, other than those in solution, which are in a packaging under the charged pressure and are entirely gaseous at a temperature of 68°F (20°C).
2. Liquefied compressed gases are gases that, in a packaging under the charged pressure, are partially liquid at a temperature of 68°F (20°C).
3. Compressed gases in solution are nonliquefied gases that are dissolved in a solvent.
4. Compressed gas mixtures consist of a mixture of two or more compressed gases contained in a packaging, the hazard properties of which are represented by the properties of the mixture as a whole.

CONTROL AREA. Spaces within a building where quantities of hazardous materials not exceeding the maximum allowable quantities per control area are stored, dispensed, used or handled. See also the definition of "Outdoor control area" in the *International Fire Code*.

CORROSIVE. A chemical that causes visible destruction of, or irreversible alterations in, living tissue by chemical action at the point of contact. A chemical shall be considered corrosive if, when tested on the intact skin of albino rabbits by the method described in DOTn 49 CFR, Part 173.137, such a chemical destroys or changes irreversibly the structure of the tissue at the point of contact following an exposure period of 4 hours. This term does not refer to action on inanimate surfaces.

CRYOGENIC FLUID. A liquid having a boiling point lower than -150°F (-101°C) at 14.7 pounds per square inch atmosphere (psia) (an absolute pressure of 101 kPa).

DAY BOX. A portable magazine designed to hold explosive materials constructed in accordance with the requirements for a Type 3 magazine as defined and classified in Chapter 33 of the *International Fire Code*.

**[F] TABLE 307.1(1)
MAXIMUM ALLOWABLE QUANTITY PER CONTROL AREA OF HAZARDOUS MATERIALS POSING A PHYSICAL HAZARD^{a,1}**

MATERIAL	CLASS	GROUP WHEN THE MAXIMUM ALLOWABLE QUANTITY IS EXCEEDED	STORAGE ^b			USE-CLOSED SYSTEMS ^b		
			Solid pounds (cubic feet)	Liquid gallons (pounds)	Gas (cubic feet at NTP)	Solid pounds (cubic feet)	Liquid gallons (pounds)	Gas (cubic feet at NTP)
Combustible liquid ^{c,1}	II	H-2 or H-3	N/A	120 ^{d,e}	N/A	N/A	120 ^d	N/A
	IIIA	H-2 or H-3		330 ^{d,e}			330 ^d	
	IIIB	N/A		13,200 ^{d,f}			13,200 ^f	
Combustible fiber	Loose baled ^g	H-3	(100) (1,000)	N/A	N/A	(100) (1,000)	N/A	N/A
Consumer fireworks (Class C, Common)	1.4G	H-3	125 ^{d,c,1}	N/A	N/A	N/A	N/A	N/A
Cryogenics flammable	N/A	H-2	N/A	45 ^d	N/A	N/A	45 ^d	N/A
Cryogenics, oxidizing	N/A	H-3	N/A	45 ^d	N/A	N/A	45 ^d	N/A
Explosives	Division 1.1	H-1	1 ^{e,g}	(1) ^{e,g}	N/A	0.25 ^g	(0.25) ^g	N/A
	Division 1.2	H-1	1 ^{e,g}	(1) ^{e,g}	N/A	0.25 ^g	(0.25) ^g	N/A
	Division 1.3	H-1 or 2	5 ^{e,g}	(5) ^{e,g}	N/A	1 ^g	(1) ^g	N/A
	Division 1.4	H-3	50 ^{e,g}	(50) ^{e,g}	N/A	50 ^g	(50) ^g	N/A
	Division 1.4G	H-3	125 ^{d,c,1}	N/A	N/A	N/A	N/A	N/A
	Division 1.5	H-1	1 ^{e,g}	(1) ^{e,g}	N/A	0.25 ^g	(0.25) ^g	N/A
Division 1.6	H-1	1 ^{d,c,g}	N/A	N/A	N/A	N/A	N/A	
Flammable gas	Gaseous liquefied	H-2	N/A	N/A	1,000 ^{d,e}	N/A	N/A	1,000 ^{d,e}
				30 ^{d,e}	N/A		30 ^{d,e}	N/A
Flammable liquid ^c	1A 1B and 1C	H-2 or H-3	N/A	30 ^{d,e}	N/A	N/A	30 ^d	N/A
				120 ^{d,e}			120 ^d	
Combination flammable liquid (1A, 1B, 1C)	N/A	H-2 or H-3	N/A	120 ^{d,c,h}	N/A	N/A	120 ^{d,h}	N/A
Flammable solid	N/A	H-3	125 ^{d,e}	N/A	N/A	125 ^d	N/A	N/A
Organic peroxide	UD	H-1	1 ^{e,g}	(1) ^{e,g}	N/A	0.25 ^g	(0.25) ^g	N/A
	I	H-2	5 ^{d,c}	(5) ^{d,c}	N/A	1 ^d	(1) ^d	N/A
	II	H-3	50 ^{d,c}	(50) ^{d,c}	N/A	50 ^d	(50) ^d	N/A
	III	H-3	125 ^{d,c}	(125) ^{d,c}	N/A	125 ^d	(125) ^d	N/A
	IV	N/A	NL	NL	N/A	N/L	N/L	N/A
V	N/A	N/A	NL	NL	N/A	N/L	N/L	N/A
Oxidizer	4	H-1	1 ^{e,g}	(1) ^{e,g}	N/A	0.25 ^g	(0.25) ^g	N/A
	3 ^k	H-2 or H-3	10 ^{d,c}	(10) ^{d,c}	N/A	2 ^d	(2) ^d	N/A
	2	H-3	250 ^{d,c}	(250) ^{d,c}	N/A	250 ^d	(250) ^d	N/A
	1	N/A	4,000 ^{d,f}	(4,000) ^{d,f}	N/A	4,000 ^f	(4,000) ^f	N/A
Oxidizing gas	Gaseous liquefied	H-3	N/A	N/A	1,500 ^{d,e}	N/A	N/A	1,500 ^{d,e}
			N/A	15 ^{d,c}	N/A		15 ^{d,c}	N/A

(continued)

[F] TABLE 307.1(1)—continued
 MAXIMUM ALLOWABLE QUANTITY PER CONTROL AREA OF HAZARDOUS MATERIALS POSING A PHYSICAL HAZARD^{a,1}

MATERIAL	CLASS	GROUP WHEN THE MAXIMUM ALLOWABLE QUANTITY IS EXCEEDED	STORAGE ^b			USE-CLOSED SYSTEMS ^b		
			Solid pounds (cubic feet)	Liquid gallons (pounds)	Gas (cubic feet at NTP)	Solid pounds (cubic feet)	Liquid gallons (pounds)	Gas (cubic feet at NTP)
Pyrophoric material	N/A	H-2	4 ^{c, g}	(4) ^{c, g}	50 ^{c, g}	1 ^g	(1) ^g	10 ^{c, g}
Unstable (reactive)	4	H-1	1 ^{c, g}	(1) ^{c, g}	10 ^{d, g}	0.25 ^g	(0.25) ^g	2 ^{c, g}
	3	H-1 or H-2	5 ^{d, e}	(5) ^{d, e}	50 ^{d, e}	1 ^d	(1)	10 ^{d, e}
	2	H-3	50 ^{d, e}	(50) ^{d, e}	250 ^{d, e}	50 ^d	(50) ^d	250 ^{d, e}
	1	N/A	NL	NL	N/L	NL	N/L	NL
Water reactive	3	H-2	5 ^{d, e}	(5) ^{d, e}	N/A	5 ^d	(5) ^d	N/A
	2	H-3	50 ^{d, e}	(50) ^{d, e}	N/A	50 ^d	(50) ^d	N/A
	1	N/A	NL	NL	N/A	NL	NL	N/A

For SI: 1 cubic foot = 0.023 m³, 1 pound = 0.454 kg, 1 gallon = 3.785 L.

NL = Not Limited; N/A = Not Applicable; UD = Unclassified Detonable

- a. For use of control areas, see Section 414.2.
- b. The aggregate quantity in use and storage shall not exceed the quantity listed for storage.
- c. The quantities of alcoholic beverages in retail and wholesale sales occupancies shall not be limited providing the liquids are packaged in individual containers not exceeding 1.3 gallons. In retail and wholesale sales occupancies, the quantities of medicines, foodstuffs, consumer or industrial products, and cosmetics containing not more than 50 percent by volume of water-miscible liquids which are flammable, shall not be limited, provided that such materials are packaged in individual containers not exceeding 1.3 gallons.
- d. Maximum allowable quantities shall be increased 100 percent in buildings equipped throughout with an automatic sprinkler system in accordance with Section 903.3.1.1. Where both notes shall be applied accumulatively.
- e. Maximum allowable quantities shall be increased 100 percent when stored in approved storage cabinets, day boxes, gas cabinets, exhausted enclosures or safety cans. Where both notes shall be applied accumulatively.
- f. The permitted quantities shall not be limited in a building equipped throughout with an automatic sprinkler system in accordance with Section 903.3.1.1.
- g. Permitted only in buildings equipped throughout with an automatic sprinkler system in accordance with Section 903.3.1.1.
- h. Containing not more than the maximum allowable quantity per control area of Class IA, IB or IC flammable liquids.
- i. Inside a building, the maximum capacity of a combustible liquid storage system that is connected to a fuel-oil piping system shall be 660 gallons provided such system complies with Section 2703.1.2.
- j. Quantities in parenthesis indicate quantity units in parenthesis at the head of each column.
- k. A maximum quantity of 200 pounds of solid or 20 gallons of liquid Class 3 oxidizers is allowed when such materials are necessary for maintenance purposes, operation or sanitizers and the manner of storage shall be approved.
- l. Net weight of the pyrotechnic composition of the fireworks. Where the net weight of the pyrotechnic composition of the fireworks is not known, 25 percent of the gross weight of the fireworks shall be used.
- m. For gallons of liquids, divide the amount in pounds by 10 in accordance with Section 2703.1.2 of the *International Fire Code*.
- n. For storage and display quantities in Group M and storage quantities in Group S occupancies complying with Section 414.2.4, see Tables 414.2.5(1) and 414.2.5(2).
- o. Densely packed baled cotton that complies with the packing requirements of ISO 8115 shall not be included in this material class.
- p. The following shall not be included in determining the maximum allowable quantities:
 1. Liquid or gaseous fuel in fuel tanks on vehicles.
 2. Liquid or gaseous fuel in fuel tanks on motorized equipment operated in accordance with this code.
 3. Gaseous fuels in piping systems and fixed appliances regulated by the *International Fuel Gas Code*.
 4. Liquid fuels in piping systems and fixed appliances regulated by the *International Mechanical Code*.

[F] TABLE 307.1(2)
 MAXIMUM ALLOWABLE QUANTITY PER CONTROL AREA OF HAZARDOUS MATERIAL POSING A HEALTH HAZARD^{a, b, c, j}

MATERIAL	STORAGE ^d			USE-CLOSED SYSTEMS ^d			USE-OPEN SYSTEMS ^d	
	Solid pounds ^{a, j}	Liquid gallons (pounds) ^{a, j}	Gas (cubic feet at NTP) ^a	Solid pounds ^a	Liquid gallons (pounds) ^a	Gas (cubic feet at NTP) ^a	Solid pounds ^a	Liquid gallons (pounds) ^a
Corrosive	5,000	500	810 ^{e, k}	5,000	500	810 ^{e, k}	1,000	100
Highly toxic	10	(10) ⁱ	20 ^h	10	(10) ⁱ	20 ^h	3	(3) ⁱ
Toxic	500	(500) ⁱ	810 ^f	500	(500) ^j	810 ^f	125	(125) ⁱ

For SI: 1 cubic foot = 0.028 m³, 1 pound = 0.454 kg, 1 gallon = 3.785 L.

- a. For use of control areas, see Section 414.2.
- b. In retail and wholesale sales occupancies, the quantities of medicines, foodstuffs, consumer or industrial products, and cosmetics, containing not more than 50 percent by volume of water-miscible liquids and with the remainder of the solutions not being flammable, shall not be limited, provided that such materials are packaged in individual containers not exceeding 1.3 gallons.
- c. For storage and display quantities in Group M and storage quantities in Group S occupancies complying with Section 414.2.4, see Table 414.2.4(1).
- d. The aggregate quantity in use and storage shall not exceed the quantity listed for storage.
- e. Quantities shall be increased 100 percent in buildings equipped throughout with an approved automatic sprinkler system in accordance with Section 903.3.1.1. Where Note f also applies, the increase for both notes shall be applied accumulatively.
- f. Quantities shall be increased 100 percent when stored in approved storage cabinets, gas cabinets or exhausted enclosures as specified in the *International Fire Code*. Where Note e also applies, the increase for both notes shall be applied accumulatively.
- g. A single cylinder containing 150 pounds or less of anhydrous ammonia in a single control area in a nonsprinklered building shall be considered a maximum allowable quantity. Two cylinders, each containing 150 pounds or less in a single control area, shall be considered a maximum allowable quantity provided the building is equipped throughout with an automatic sprinkler system in accordance with Section 903.3.1.1.
- h. Allowed only when stored in approved exhausted gas cabinets or exhausted enclosures as specified in the *International Fire Code*.
- i. Quantities in parenthesis indicate quantity units in parenthesis at the head of each column.
- j. For gallons of liquids, divide the amount in pounds by 10 in accordance with Section 2703.1.2 of the *International Fire Code*.

DEFLAGRATION. An exothermic reaction, such as the extremely rapid oxidation of a flammable dust or vapor in air, in which the reaction progresses through the unburned material at a rate less than the velocity of sound. A deflagration can have an explosive effect.

DETACHED BUILDING. A separate single-story building, without a basement or crawl space, used for the storage or use of hazardous materials and located an approved distance from all structures.

DETONATION. An exothermic reaction characterized by the presence of a shock wave in the material which establishes and maintains the reaction. The reaction zone progresses through the material at a rate greater than the velocity of sound. The principal heating mechanism is one of shock compression. Detonations have an explosive effect.

DISPENSING. The pouring or transferring of any material from a container, tank or similar vessel, whereby vapors, dusts, fumes, mists or gases are liberated to the atmosphere.

EXPLOSIVE. Any chemical compound, mixture or device, the primary or common purpose of which is to function by explosion. The term includes, but is not limited to, dynamite, black powder, pellet powder, initiating explosives, detonators, safety fuses, squibs, detonating cord, igniter cord, igniters and display fireworks, 1.3G (Class B, Special).

The term "explosive" includes any material determined to be within the scope of USC Title 18: Chapter 40 and also includes any material classified as an explosive other than consumer fireworks, 1.4G (Class C, Common) by the hazardous materials regulations of DOTn 49 CFR.

High explosive. Explosive material, such as dynamite, which can be caused to detonate by means of a No. 8 test blasting cap when unconfined.

Low explosive. Explosive material that will burn or deflagrate when ignited. It is characterized by a rate of reaction that is less than the speed of sound. Examples of low explosives include, but are not limited to, black powder; safety fuse; igniters; igniter cord; fuse lighters; fireworks, 1.3G (Class B, Special) and propellants, 1.3C.

Mass-detonating explosives. Division 1.1, 1.2 and 1.5 explosives alone or in combination, or loaded into various types of ammunition or containers, most of which can be expected to explode virtually instantaneously when a small portion is subjected to fire, severe concussion, impact, the impulse of an initiating agent or the effect of a considerable discharge of energy from without. Materials that react in this manner represent a mass explosion hazard. Such an explosive will normally cause severe structural damage to adjacent objects. Explosive propagation could occur immediately to other items of ammunition and explosives stored sufficiently close to and not adequately protected from the initially exploding pile with a time interval short enough so that two or more quantities must be considered as one for quantity-distance purposes.

UN/DOTn Class 1 explosives. The former classification system used by DOTn included the terms "high" and "low" explosives as defined herein. The following terms further define explosives under the current system applied by DOTn for all explosive materials defined as hazard Class 1 materials. Compatibility group letters are used in concert with the division to specify further limitations on each division noted (i.e., the letter G identifies the material as a pyrotechnic substance or article containing a pyrotechnic substance and similar materials).

Division 1.1. Explosives that have a mass explosion hazard. A mass explosion is one which affects almost the entire load instantaneously.

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Division 1.2. Explosives that have a projection hazard but not a mass explosion hazard.

Division 1.3. Explosives that have a fire hazard and either a minor blast hazard or a minor projection hazard or both, but not a mass explosion hazard.

Division 1.4. Explosives that pose a minor explosion hazard. The explosive effects are largely confined to the package and no projection of fragments of appreciable size or range is to be expected. An external fire must not cause virtually instantaneous explosion of almost the entire contents of the package.

Division 1.5. Very insensitive explosives. This division is comprised of substances that have a mass explosion hazard, but that are so insensitive there is very little probability of initiation or of transition from burning to detonation under normal conditions of transport.

Division 1.6. Extremely insensitive articles which do not have a mass explosion hazard. This division is comprised of articles that contain only extremely insensitive detonating substances and which demonstrate a negligible probability of accidental initiation or propagation.

FIREWORKS. Any composition or device for the purpose of producing a visible or audible effect for entertainment purposes by combustion, deflagration or detonation that meets the definition of 1.4G fireworks or 1.3G fireworks as set forth herein.

FIREWORKS, 1.3G. (Formerly Class B, Special Fireworks.) Large fireworks devices, which are explosive materials, intended for use in fireworks displays and designed to produce audible or visible effects by combustion, deflagration or detonation. Such 1.3G fireworks include, but are not limited to, firecrackers containing more than 130 milligrams (2 grains) of explosive composition, aerial shells containing more than 40 grams of pyrotechnic composition, and other display pieces which exceed the limits for classification as 1.4G fireworks. Such 1.3G fireworks are also described as fireworks, UN0335 by the DOTn.

FIREWORKS, 1.4G. (Formerly Class C, Common Fireworks.) Small fireworks devices containing restricted amounts of pyrotechnic composition designed primarily to produce visible or audible effects by combustion. Such 1.4G fireworks which comply with the construction, chemical composition and labeling regulations of the DOTn for fireworks, UN0336, and the U.S. Consumer Product Safety Commission (CPSC) as set forth in CPSC 16 CFR: Parts 1500 and 1507, are not explosive materials for the purpose of this code.

FLAMMABLE GAS. A material that is a gas at 68°F (20°C) or less at 14.7 pounds per square inch atmosphere (psia) (101 kPa) of pressure [a material that has a boiling point of 68°F (20°C) or less at 14.7 psia (101 kPa)] which:

1. Is ignitable at 14.7 psia (101 kPa) when in a mixture of 13 percent or less by volume with air; or
2. Has a flammable range at 14.7 psia (101 kPa) with air of at least 12 percent, regardless of the lower limit.

The limits specified shall be determined at 14.7 psi (101 kPa) of pressure and a temperature of 68°F (20°C) in accordance with ASTM E 681.

FLAMMABLE LIQUEFIED GAS. A liquefied compressed gas which, under a charged pressure, is partially liquid at a temperature of 68°F (20°C) and which is flammable.

FLAMMABLE LIQUID. A liquid having a closed cup flash point below 100°F (38°C). Flammable liquids are further categorized into a group known as Class I liquids. The Class I category is subdivided as follows:

Class IA. Liquids having a flash point below 73°F (23°C) and a boiling point below 100°F (38°C).

Class IB. Liquids having a flash point below 73°F (23°C) and a boiling point at or above 100°F (38°C).

Class IC. Liquids having a flash point at or above 73°F (23°C) and below 100°F (38°C).

The category of flammable liquids does not include compressed gases or cryogenic fluids.

FLAMMABLE MATERIAL. A material capable of being readily ignited from common sources of heat or at a temperature of 600°F (316°C) or less.

FLAMMABLE SOLID. A solid, other than a blasting agent or explosive, that is capable of causing fire through friction, absorption or moisture, spontaneous chemical change, or retained heat from manufacturing or processing, or which has an ignition temperature below 212°F (100°C) or which burns so vigorously and persistently when ignited as to create a serious hazard. A chemical shall be considered a flammable solid as determined in accordance with the test method of CPSC 16 CFR; Part 1500.44, if it ignites and burns with a self-sustained flame at a rate greater than 0.1 inch (2.5 mm) per second along its major axis.

FLASH POINT. The minimum temperature in degrees Fahrenheit at which a liquid will give off sufficient vapors to form an ignitable mixture with air near the surface or in the container, but will not sustain combustion. The flash point of a liquid shall be determined by appropriate test procedure and apparatus as specified in ASTM D 56, ASTM D 93 or ASTM D 3278.

HANDLING. The deliberate transport by any means to a point of storage or use.

HAZARDOUS MATERIALS. Those chemicals or substances that are physical hazards or health hazards as defined and classified in this section and the *International Fire Code*, whether the materials are in usable or waste condition.

HEALTH HAZARD. A classification of a chemical for which there is statistically significant evidence that acute or chronic health effects are capable of occurring in exposed persons. The term "health hazard" includes chemicals that are toxic or highly toxic, and corrosive.

HIGHLY TOXIC. A material which produces a lethal dose or lethal concentration that falls within any of the following categories:

1. A chemical that has a median lethal dose (LD₅₀) of 50 milligrams or less per kilogram of body weight when admin-

istered orally to albino rats weighing between 200 and 300 grams each.

2. A chemical that has a median lethal dose (LD_{50}) of 200 milligrams or less per kilogram of body weight when administered by continuous contact for 24 hours (or less if death occurs within 24 hours) with the bare skin of albino rabbits weighing between 2 and 3 kilograms each.
3. A chemical that has a median lethal concentration (LC_{50}) in air of 200 parts per million by volume or less of gas or vapor, or 2 milligrams per liter or less of mist, fume or dust, when administered by continuous inhalation for 1 hour (or less if death occurs within 1 hour) to albino rats weighing between 200 and 300 grams each.

Mixtures of these materials with ordinary materials, such as water, might not warrant classification as highly toxic. While this system is basically simple in application, any hazard evaluation that is required for the precise categorization of this type of material shall be performed by experienced, technically competent persons.

INCOMPATIBLE MATERIALS. Materials that, when mixed, have the potential to react in a manner that generates heat, fumes, gases or byproducts which are hazardous to life or property.

OPEN SYSTEM. The use of a solid or liquid hazardous material involving a vessel or system that is continuously open to the atmosphere during normal operations and where vapors are liberated, or the product is exposed to the atmosphere during normal operations. Examples of open systems for solids and liquids include dispensing from or into open beakers or containers, dip tank and plating tank operations.

OPERATING BUILDING. A building occupied in conjunction with the manufacture, transportation or use of explosive materials. Operating buildings are separated from one another with the use of intraplant or intraline distances.

ORGANIC PEROXIDE. An organic compound that contains the bivalent -O-O- structure and which may be considered to be a structural derivative of hydrogen peroxide where one or both of the hydrogen atoms have been replaced by an organic radical. Organic peroxides can pose an explosion hazard (detonation or deflagration) or they can be shock sensitive. They can also decompose into various unstable compounds over an extended period of time.

Class I. Those formulations that are capable of deflagration but not detonation.

Class II. Those formulations that burn very rapidly and that pose a moderate reactivity hazard.

Class III. Those formulations that burn rapidly and that pose a moderate reactivity hazard.

Class IV. Those formulations that burn in the same manner as ordinary combustibles and that pose a minimal reactivity hazard.

Class V. Those formulations that burn with less intensity than ordinary combustibles or do not sustain combustion and that pose no reactivity hazard.

Unclassified detonable. Organic peroxides that are capable of detonation. These peroxides pose an extremely high explosion hazard through rapid explosive decomposition.

OXIDIZER. A material that readily yields oxygen or other oxidizing gas, or that readily reacts to promote or initiate combustion of combustible materials. Examples of other oxidizing gases include bromine, chlorine and fluorine.

Class 4. An oxidizer that can undergo an explosive reaction due to contamination or exposure to thermal or physical shock. Additionally, the oxidizer will enhance the burning rate and can cause spontaneous ignition of combustibles.

Class 3. An oxidizer that will cause a severe increase in the burning rate of combustible materials with which it comes in contact or that will undergo vigorous self-sustained decomposition due to contamination or exposure to heat.

Class 2. An oxidizer that will cause a moderate increase in the burning rate or that causes spontaneous ignition of combustible materials with which it comes in contact.

Class 1. An oxidizer whose primary hazard is that it slightly increases the burning rate but which does not cause spontaneous ignition when it comes in contact with combustible materials.

OXIDIZING GAS. A gas that can support and accelerate combustion of other materials.

PHYSICAL HAZARD. A chemical for which there is evidence that it is a combustible liquid, compressed gas, cryogenic, explosive, flammable gas, flammable liquid, flammable solid, organic peroxide, oxidizer, pyrophoric or unstable (reactive) or water-reactive material.

PYROPHORIC. A chemical with an autoignition temperature in air, at or below a temperature of 130°F (54.4°C).

PYROTECHNIC COMPOSITION. A chemical mixture that produces visible light displays or sounds through a self-propagating, heat-releasing chemical reaction which is initiated by ignition.

TOXIC. A chemical falling within any of the following categories:

1. A chemical that has a median lethal dose (LD_{50}) of more than 50 milligrams per kilogram, but not more than 500 milligrams per kilogram of body weight when administered orally to albino rats weighing between 200 and 300 grams each.
2. A chemical that has a median lethal dose (LD_{50}) of more than 200 milligrams per kilogram but not more than 1,000 milligrams per kilogram of body weight when administered by continuous contact for 24 hours (or less if death occurs within 24 hours) with the bare skin of albino rabbits weighing between 2 and 3 kilograms each.
3. A chemical that has a median lethal concentration (LC_{50}) in air of more than 200 parts per million but not more than 2,000 parts per million by volume of gas or vapor, or more than 2 milligrams per liter but not more than 20 milligrams per liter of mist, fume or dust, when administered by continuous inhalation for 1 hour (or less if death

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occurs within 1 hour) to albino rats weighing between 200 and 300 grams each.

UNSTABLE (REACTIVE) MATERIAL. A material, other than an explosive, which in the pure state or as commercially produced, will vigorously polymerize, decompose, condense or become self-reactive and undergo other violent chemical changes, including explosion, when exposed to heat, friction or shock, or in the absence of an inhibitor, or in the presence of contaminants, or in contact with incompatible materials. Unstable (reactive) materials are subdivided as follows:

Class 4. Materials that in themselves are readily capable of detonation or explosive decomposition or explosive reaction at normal temperatures and pressures. This class includes materials that are sensitive to mechanical or localized thermal shock at normal temperatures and pressures.

Class 3. Materials that in themselves are capable of detonation or of explosive decomposition or explosive reaction but which require a strong initiating source or which must be heated under confinement before initiation. This class includes materials that are sensitive to thermal or mechanical shock at elevated temperatures and pressures.

Class 2. Materials that in themselves are normally unstable and readily undergo violent chemical change but do not detonate. This class includes materials that can undergo chemical change with rapid release of energy at normal temperatures and pressures, and that can undergo violent chemical change at elevated temperatures and pressures.

Class 1. Materials that in themselves are normally stable but which can become unstable at elevated temperatures and pressure.

WATER-REACTIVE MATERIAL. A material that explodes; violently reacts; produces flammable, toxic or other hazardous gases; or evolves enough heat to cause autoignition or ignition of combustibles upon exposure to water or moisture. Water-reactive materials are subdivided as follows:

Class 3. Materials that react explosively with water without requiring heat or confinement.

Class 2. Materials that react violently with water or have the ability to boil water. Materials that produce flammable, toxic or other hazardous gases or evolve enough heat to cause autoignition or ignition of combustibles upon exposure to water or moisture.

Class 1. Materials that react with water with some release of energy, but not violently.

[F] 307.3 High-hazard Group H-1. Buildings and structures containing materials that pose a detonation hazard shall be classified as Group H-1. Such materials shall include, but not be limited to, the following:

Explosives:

- Division 1.1
- Division 1.2
- Division 1.3

Exception: Materials that are used and maintained in a form where either confinement or configuration will

not elevate the hazard from a mass fire to mass explosion hazard shall be allowed in H-2 occupancies.

Division 1.4

Exception: Articles, including articles packaged for shipment, that are not regulated as an explosive under Bureau of Alcohol, Tobacco and Firearms regulations, or unpackaged articles used in process operations that do not propagate a detonation or deflagration between articles shall be allowed in H-3 occupancies.

Division 1.5

Division 1.6

Organic peroxides, unclassified detonable
Oxidizers, Class 4

Unstable (reactive) materials, Class 3 detonable and Class 4
Detonable pyrophoric materials

[F] 307.4 High-hazard Group H-2. Buildings and structures containing materials that pose a deflagration hazard or a hazard from accelerated burning shall be classified as Group H-2. Such materials shall include, but not be limited to, the following:

Class I, II or IIIA flammable or combustible liquids which are used or stored in normally open containers or systems, or in closed containers or systems pressurized at more than 15 psi (103.4 kPa) gage.

Combustible dusts
Cryogenic fluids, flammable
Flammable gases

Organic peroxides, Class I

Oxidizers, Class 3, that are used or stored in normally open containers or systems, or in closed containers or systems pressurized at more than 15 psi (103 kPa) gage

Pyrophoric liquids, solids and gases, nondetonable
Unstable (reactive) materials, Class 3, nondetonable
Water-reactive materials, Class 3

[F] 307.5 High-hazard Group H-3. Buildings and structures containing materials that readily support combustion or that pose a physical hazard shall be classified as Group H-3. Such materials shall include, but not be limited to, the following:

Class I, II or IIIA flammable or combustible liquids that are used or stored in normally closed containers or systems pressurized at 15 pounds per square inch gauge (103.4 kPa) or less

Combustible fibers, other than densely packed baled cotton
Consumer fireworks, 1.4G (Class C, Common)
Cryogenic fluids, oxidizing

Flammable solids

Organic peroxides, Class II and III

Oxidizers, Class 2

Oxidizers, Class 3, that are used or stored in normally closed containers or systems pressurized at 15 pounds per square inch gauge (103 kPa) or less

Oxidizing gases

Unstable (reactive) materials, Class 2

Water-reactive materials, Class 2

[F] **307.6 High-hazard Group H-4.** Buildings and structures which contain materials that are health hazards shall be classified as Group H-4. Such materials shall include, but not be limited to, the following:

- Corrosives
- Highly toxic materials
- Toxic materials

[F] **307.7 High-hazard Group H-5 structures.** Semiconductor fabrication facilities and comparable research and development areas in which hazardous production materials (HPM) are used and the aggregate quantity of materials is in excess of those listed in Tables 307.1(1) and 307.1(2) shall be classified as Group H-5. Such facilities and areas shall be designed and constructed in accordance with Section 415.8.

[F] **307.8 Multiple hazards.** Buildings and structures containing a material or materials representing hazards that are classified in one or more of Groups H-1, H-2, H-3 and H-4 shall conform to the code requirements for each of the occupancies so classified.

SECTION 308 INSTITUTIONAL GROUP I

308.1 Institutional Group I. Institutional Group I occupancy includes, among others, the use of a building or structure, or a portion thereof, in which people are cared for or live in a supervised environment, having physical limitations because of health or age are harbored for medical treatment or other care or treatment, or in which people are detained for penal or correctional purposes or in which the liberty of the occupants is restricted. Institutional occupancies shall be classified as Group I-1, I-2, I-3 or I-4.

308.2 Group I-1. This occupancy shall include buildings, structures or parts thereof housing more than 16 persons, on a 24-hour basis, who because of age, mental disability or other reasons, live in a supervised residential environment that provides personal care services. The occupants are capable of responding to an emergency situation without physical assistance from staff. This group shall include, but not be limited to, the following:

- Residential board and care facilities
- Assisted living facilities
- Halfway houses
- Group homes
- Congregate care facilities
- Social rehabilitation facilities
- Alcohol and drug centers
- Convalescent facilities

A facility such as the above with five or fewer persons shall be classified as a Group R-3 or shall comply with the *International Residential Code* in accordance with Section 101.2. A facility such as above, housing at least six and not more than 16 persons, shall be classified as Group R-4.

308.3 Group I-2. This occupancy shall include buildings and structures used for medical, surgical, psychiatric, nursing or custodial care on a 24-hour basis for more than five persons who are not capable of self-preservation. This group shall include, but not be limited to, the following:

- Hospitals
- Nursing homes (both intermediate care facilities and skilled nursing facilities)
- Mental hospitals
- Detoxification facilities

A facility such as the above with five or fewer persons shall be classified as Group R-3 or shall comply with the *International Residential Code* in accordance with Section 101.2.

308.3.1 Child care facility. A child care facility that provides care on a 24-hour basis to more than five children 2½ years of age or less shall be classified as Group I-2.

308.4 Group I-3. This occupancy shall include buildings and structures that are inhabited by more than five persons who are under restraint or security. An I-3 facility is occupied by persons who are generally incapable of self-preservation due to security measures not under the occupants' control. This group shall include, but not be limited to, the following:

- Prisons
- Jails
- Reformatories
- Detention centers
- Correctional centers
- Prerelease centers

Buildings of Group I-3 shall be classified as one of the occupancy conditions indicated in Sections 308.4.1 through 308.4.5 (see Section 408.1).

308.4.1 Condition 1. This occupancy condition shall include buildings in which free movement is allowed from sleeping areas, and other spaces where access or occupancy is permitted, to the exterior via means of egress without restraint. A Condition 1 facility is permitted to be constructed as Group R.

308.4.2 Condition 2. This occupancy condition shall include buildings in which free movement is allowed from sleeping areas and any other occupied smoke compartment to one or more other smoke compartments. Egress to the exterior is impeded by locked exits.

308.4.3 Condition 3. This occupancy condition shall include buildings in which free movement is allowed within individual smoke compartments, such as within a residential unit comprised of individual sleeping units and group activity spaces, where egress is impeded by remote-controlled release of means of egress from such a smoke compartment to another smoke compartment.

308.4.4 Condition 4. This occupancy condition shall include buildings in which free movement is restricted from an occupied space. Remote-controlled release is provided to permit movement from sleeping units, activity spaces and other occupied areas within the smoke compartment to other smoke compartments.

308.4.5 Condition 5. This occupancy condition shall include buildings in which free movement is restricted from an occupied space. Staff-controlled manual release is provided to permit movement from sleeping units, activity spaces and other occupied areas within the smoke compartment to other smoke compartments.

308.5 Group I-4, day care facilities. This group shall include buildings and structures occupied by persons of any age who receive custodial care for less than 24 hours by individuals other than parents or guardians, relatives by blood, marriage or adoption, and in a place other than the home of the person cared for. A facility such as the above with five or fewer persons shall be classified as a Group R-3 or shall comply with the *International Residential Code* in accordance with Section 101.2. Places of worship during religious functions are not included.

308.5.1 Adult care facility. A facility that provides accommodations for less than 24 hours for more than five unrelated adults and provides supervision and personal care services shall be classified as Group I-4.

Exception: A facility where occupants are capable of responding to an emergency situation without physical assistance from the staff shall be classified as Group A-3.

308.5.2 Child care facility. A facility that provides supervision and personal care on less than a 24-hour basis for more than five children 2½ years of age or less shall be classified as Group I-4.

Exception: A child day care facility that provides care for more than five but no more than 100 children 2½ years or less of age, when the rooms where such children are cared for are located on the level of exit discharge and each of these child care rooms has an exit door directly to the exterior, shall be classified as Group E.

SECTION 309 MERCANTILE GROUP M

309.1 Mercantile Group M. Mercantile Group M occupancy includes, among others, buildings and structures or a portion thereof, for the display and sale of merchandise, and involves stocks of goods, wares or merchandise incidental to such purposes and accessible to the public. Mercantile occupancies shall include, but not be limited to, the following:

- Department stores
- Drug stores
- Markets
- Motor fuel-dispensing facilities
- Retail or wholesale stores
- Sales rooms

309.2 Quantity of hazardous materials. The aggregate quantity of nonflammable solid and nonflammable or noncombustible liquid hazardous materials stored or displayed in a single control area of a Group M occupancy shall not exceed the quantities in Table 414.2.4(1).

SECTION 310 RESIDENTIAL GROUP R

310.1 Residential Group R. Residential Group R includes, among others, the use of a building or structure, or a portion thereof, for sleeping purposes when not classified as an Institutional Group I or when not regulated by the *International Resi-*

dential Code in accordance with Section 101.2. Residential occupancies shall include the following:

R-1 Residential occupancies containing sleeping units where the occupants are primarily transient in nature, including:

- Boarding houses (transient)
- Hotels (transient)
- Motels (transient)

R-2 Residential occupancies containing sleeping units or more than two dwelling units where the occupants are primarily permanent in nature, including:

- Apartment houses
- Boarding houses (not transient)
- Convents
- Dormitories
- Fraternities and sororities
- Hotels (nontransient)
- Monasteries
- Motels (nontransient)
- Vacation timeshare properties

Congregate living facilities with 16 or fewer occupants are permitted to comply with the construction requirements for Group R-3.

R-3 Residential occupancies where the occupants are primarily permanent in nature and not classified as Group R-1, R-2, R-4 or I, including:

Buildings that do not contain more than two dwelling units.

Adult facilities that provide accommodations for five or fewer persons of any age for less than 24 hours.

Child care facilities that provide accommodations for five or fewer persons of any age for less than 24 hours.

Congregate living facilities with 16 or fewer persons.

Adult and child care facilities that are within a single-family home are permitted to comply with the *International Residential Code*.

R-4 Residential occupancies shall include buildings arranged for occupancy as residential care/assisted living facilities including more than five but not more than 16 occupants, excluding staff.

Group R-4 occupancies shall meet the requirements for construction as defined for Group R-3, except as otherwise provided for in this code, or shall comply with the *International Residential Code*.

310.2 Definitions. The following words and terms shall, for the purposes of this section and as used elsewhere in this code, have the meanings shown herein.

BOARDING HOUSE. A building arranged or used for lodging for compensation, with or without meals, and not occupied as a single-family unit.

CONGREGATE LIVING FACILITIES. A building or part thereof that contains sleeping units where residents share bathroom and/or kitchen facilities.

DORMITORY. A space in a building where group sleeping accommodations are provided in one room, or in a series of closely associated rooms, for persons not members of the same family group, under joint occupancy and single management, as in college dormitories or fraternity houses.

PERSONAL CARE SERVICE. The care of residents who do not require chronic or convalescent medical or nursing care. Personal care involves responsibility for the safety of the resident while inside the building.

RESIDENTIAL CARE/ASSISTED LIVING FACILITIES. A building or part thereof housing persons, on a 24-hour basis, who because of age, mental disability or other reasons, live in a supervised residential environment which provides personal care services. The occupants are capable of responding to an emergency situation without physical assistance from staff. This classification shall include, but not be limited to, the following: residential board and care facilities, assisted living facilities, halfway houses, group homes, congregate care facilities, social rehabilitation facilities, alcohol and drug abuse centers and convalescent facilities.

TRANSIENT. Occupancy of a dwelling unit or sleeping unit for not more than 30 days.

SECTION 311 STORAGE GROUP S

311.1 Storage Group S. Storage Group S occupancy includes, among others, the use of a building or structure, or a portion thereof, for storage that is not classified as a hazardous occupancy.

311.2 Moderate-hazard storage, Group S-1. Buildings occupied for storage uses that are not classified as Group S-2, including, but not limited to, storage of the following:

- Aerosols, Levels 2 and 3
- Aircraft repair hangar
- Bags: cloth, burlap and paper
- Bamboos and rattan
- Baskets
- Belting: canvas and leather
- Books and paper in rolls or packs
- Boots and shoes
- Buttons, including cloth covered, pearl or bone
- Cardboard and cardboard boxes
- Clothing, woolen wearing apparel
- Cordage
- Dry boat storage (indoor)
- Furniture
- Furs
- Glues, mucilage, pastes and size
- Grains
- Horns and combs, other than celluloid
- Leather
- Linoleum
- Lumber
- Motor vehicle repair garages complying with the maximum

allowable quantities of hazardous materials listed in Table 307.1(1) (see Section 406.6)

- Photo engravings
- Resilient flooring
- Silks
- Soaps
- Sugar
- Tires, bulk storage of
- Tobacco, cigars, cigarettes and snuff
- Upholstery and mattresses
- Wax candles

311.3 Low-hazard storage, Group S-2. Includes, among others, buildings used for the storage of noncombustible materials such as products on wood pallets or in paper cartons with or without single thickness divisions; or in paper wrappings. Such products are permitted to have a negligible amount of plastic trim, such as knobs, handles or film wrapping. Storage uses shall include, but not be limited to, storage of the following:

- Aircraft hangar
- Asbestos
- Beverages up to and including 12-percent alcohol in metal, glass or ceramic containers
- Cement in bags
- Chalk and crayons
- Dairy products in nonwaxed coated paper containers
- Dry cell batteries
- Electrical coils
- Electrical motors
- Empty cans
- Food products
- Foods in noncombustible containers
- Fresh fruits and vegetables in nonplastic trays or containers
- Frozen foods
- Glass
- Glass bottles, empty or filled with noncombustible liquids
- Gypsum board
- Inert pigments
- Ivory
- Meats
- Metal cabinets
- Metal desks with plastic tops and trim
- Metal parts
- Metals
- Mirrors
- Oil-filled and other types of distribution transformers
- Parking garages, open or enclosed
- Porcelain and pottery
- Stoves
- Talc and soapstones
- Washers and dryers

SECTION 312 UTILITY AND MISCELLANEOUS GROUP U

312.1 General. Buildings and structures of an accessory character and miscellaneous structures not classified in any specific occupancy shall be constructed, equipped and maintained to conform to the requirements of this code commensurate with

USE AND OCCUPANCY CLASSIFICATION

the fire and life hazard incidental to their occupancy. Group U shall include, but not be limited to, the following:

- Agricultural buildings
- Aircraft hangars, accessory to a one- or two-family residence (see Section 412.3)
- Barns
- Carports
- Fences more than 6 feet (1829 mm) high
- Grain silos, accessory to a residential occupancy
- Greenhouses
- Livestock shelters
- Private garages
- Retaining walls
- Sheds
- Stables
- Tanks
- Towers



VILLAGE OF ROUND LAKE
AGENDA ITEM SUMMARY

TITLE: IGA SALT PURCHASES WITH SCHOOL DISTRICT

Agenda Item No. COTW

Executive Summary:

In the past there has been discussion regarding sharing services or commodities with other taxing districts. Cooperatives have been formed such as the Lake County Municipal League's Cooperative Purchasing Program Initiative whereby municipalities can receive the benefit of lower costs due to the higher volume of services or commodities requested via a formal RFP process. Lake Zurich also formed such an initiative for a Police Department Records Management System.

In other circumstance, taxing bodies should be cooperating with each other for a reduction of cost to residents, eliminate redundant services and other such options, such as just being a "good neighbor."

Currently, the School District pays \$110/ton for salt whereas the Village has a contract with Lake County for \$70/ton and with the State at \$60/ton. The school district is requesting that they be allowed to purchase salt from the Village.

Staff recommends working with the School District to allow them to purchase salt through the Village. Specific details of the process will be discussed at the January 19th COTW meeting with follow-up, if necessary, at the February 2, 2015 Board Meeting.

Attached is the first draft of an IGA for the School District to purchase salt through the Village.

Recommended Action:

For review, discussion, and providing staff additional guidance, if necessary.

Committee: -	Meeting Date: January 19, 2015		
Lead Department: Administration	Presenter: Steven J. Shields, Village Administrator		
Item Budgeted: <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A If amount requested is over budget, a detailed explanation of what account(s) the overage will be charged to will be provided in the Executive Summary or attached detail.	Account(s)	Budget	Expenditure
	xx-xx-xx-xxxxx	-	
	Item Requested		
	Y-T-D Actual		
	Amount Encumbered		
	Total:	\$0.00	\$0.00
	Request is over/under budget:		
	Under	-	
	Over	-	

Intergovernmental Agreement Between the Village of Round Lake and the Round Lake School District 116 Regarding the Purchase of Road Salt

This Intergovernmental Agreement (referred to as the "Agreement") is entered into this xx day of xxxxxx, 2015, between the VILLAGE OF ROUND LAKE, an Illinois municipal corporation (referred to as "Village") and the ROUND LAKE AREA SCHOOLS COMMUNITY UNIT SCHOOL DISTRICT 116, LAKE COUNTY, a body politic and corporate of the State of Illinois municipal corporation (referred to as "School District") (collectively "the parties").

RECITALS:

WHEREAS, the Village and School District are public agencies within the meaning of the Illinois Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq.; as authorized by Article VII, Section 10 of the 1970 Constitution of the State of Illinois; and the Illinois Constitution and the Illinois statute encourage and provide for units of local government to cooperate and to enter into intergovernmental agreements in any manner not prohibited by law or ordinance, to their mutual benefit; and

WHEREAS, the Village desires to assist the School District by allowing the School District to purchase rock salt from the Public Works facility for an estimated cost of \$_____ pending final quantities; and

WHEREAS, the Village and the School District have the authority under Illinois law to enter into this agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the promises and mutual covenants contained in this Agreement, the parties agree as follows:

1. The recitals set forth above are hereby incorporated into and made a part of this Agreement.
2. The District authorizes the Village to provide rock salt to the District for de-icing operations.

3. The District shall reimburse the Village for the rock salt charges by April 30, 2015 as invoiced by the Village.
4. All notices, requests and other communications under this Agreement shall be in writing and shall be deemed properly served upon delivery by hand to the party to whom it is addressed, or upon receipt, if sent, postage pre-paid by United States registered or certified mail, return receipt requested, as follows:

For Village: Village Clerk
 Village of Round Lake
 444 North Cedar Lake Road
 Round Lake, IL 60073

For School District: Assistant Superintendent of Business
 Round Lake Area Schools
 Community Unit School District 116
 316 South Rosedale Court
 Round Lake, IL 60073

5. The validity, meaning, and effect of this Agreement shall be determined in accordance with the laws of the State of Illinois applicable to intergovernmental agreements made and contracts made and to be formed in Illinois.

IN WITNESS WHEREOF, the parties set their hands and seals on the date written above.

VILLAGE OF ROUND LAKE,
an Illinois municipal corporation;

ROUND LAKE AREA SCHOOLS
COMMUNITY UNIT SCHOOL
DISTRICT 116, a
body politic and corporate of the State of
Illinois;

By: _____

By: _____

Attest: _____

Attest: _____