

**VILLAGE OF JOHNSBURG
JOHNSBURG, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
APRIL 30, 2015**

**VILLAGE OF JOHNSBURG
TABLE OF CONTENTS
APRIL 30, 2015**

	<u>Exhibits</u>	<u>Page</u>
Independent Auditor's Report		1
Required Supplementary Information:		
Management's Discussion and Analysis - Unaudited		3
Basic Financial Statements:		
<i>Government-wide Financial Statements</i>		
Statement of Net Position	A	14
Statement of Activities	B	15
<i>Fund Financial Statements</i>		
Balance Sheet – Governmental Funds	C	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	D	18
Statement of Net Position – Proprietary Fund Type	E	20
Statement of Revenues, Expenses and Changes in Net Position -- Proprietary Fund Type	F	21
Statement of Cash Flows – Proprietary Fund Type	G	22
Statement of Net Position – Fiduciary Fund Type	H	23
Statement of Changes in Net Position – Fiduciary Fund Type	I	24
Notes to the Basic Financial Statements		25
Required Supplementary Information:		
Schedule of Funding Progress – Illinois Municipal Retirement Fund		47
Schedule of Changes in Net Pension Liability and Related Ratios – Police Pension Fund		48
Schedule of Contributions – Police Pension Fund		49
Schedule of Funding Progress – Other Post-Employment Benefits		50
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund		51

**VILLAGE OF JOHNSBURG
TABLE OF CONTENTS
APRIL 30, 2015**

Governmental Funds:

Major Fund:

	<u>Schedules</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	1	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Service Area Fund	2	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Motor Fuel Tax Fund	3	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Land and Building Fund	4	59

Proprietary Fund:

Schedule of Operating Expenses – Budget and Actual – Waterworks and Sewerage Fund	5	60
Notes to Required Supplementary Information		61



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EVANS, MARSHALL & PEASE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

1875 Hicks Road
Rolling Meadows, Illinois 60008

PAUL H. THERMEN, C.P.A.
JEFFERY M. ROLLEFSON, C.P.A.

Independent Auditors' Report

Board of Trustees
Village of Johnsburg
Johnsburg, IL

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As discussed in Note 16 to the financial statements, in 2015 the Village adopted new accounting guidance; *GASB Statement No. 67, Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedules of funding progress – Illinois Municipal Retirement Fund and police pension fund and other post-employment benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Evans, Marshall & Pease, P.C.

Evans, Marshall & Pease, P.C.
Certified Public Accountants

December 21, 2015
Rolling Meadows, IL
(10)

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis - Unaudited

The Management's Discussion and Analysis ("MD&A") is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments. In this area the Village of Johnsburg ("Village") presents its discussion and analysis of the Village's financial performance and provides an overall review of the Village's financial activities for the fiscal year-end April 30, 2015. The management of the Village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the Village's financial performance.

Certain comparative information between the current year and the prior year is required to be presented in the MD&A. This comparative information is included in this report.

Financial Highlights

- The Village's total net position, as of April 30, 2015 was \$19,062,711.
- The Village's General Fund reported an increase of \$163,274 in fund balance for the year.
- The Village's actual General Fund revenues were more than total budgeted revenues by \$142,931, and actual expenditures were less than total budgeted expenditures by \$381,266.
- The Village's capital and infrastructure assets increased by \$388,249 in the Governmental activities and \$8,910 in the Waterworks and Sewerage Fund.

For purpose of this analysis, the Village considers the Operating Fund to include the General Fund.

Overview of the Financial Statements

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the Village's overall financial status.
- The remaining statements are *fund financial statements* that are similar to the historical reporting concept and focus on individual parts of the Village, reporting the Village's operations and in more detail than the government-wide statements.

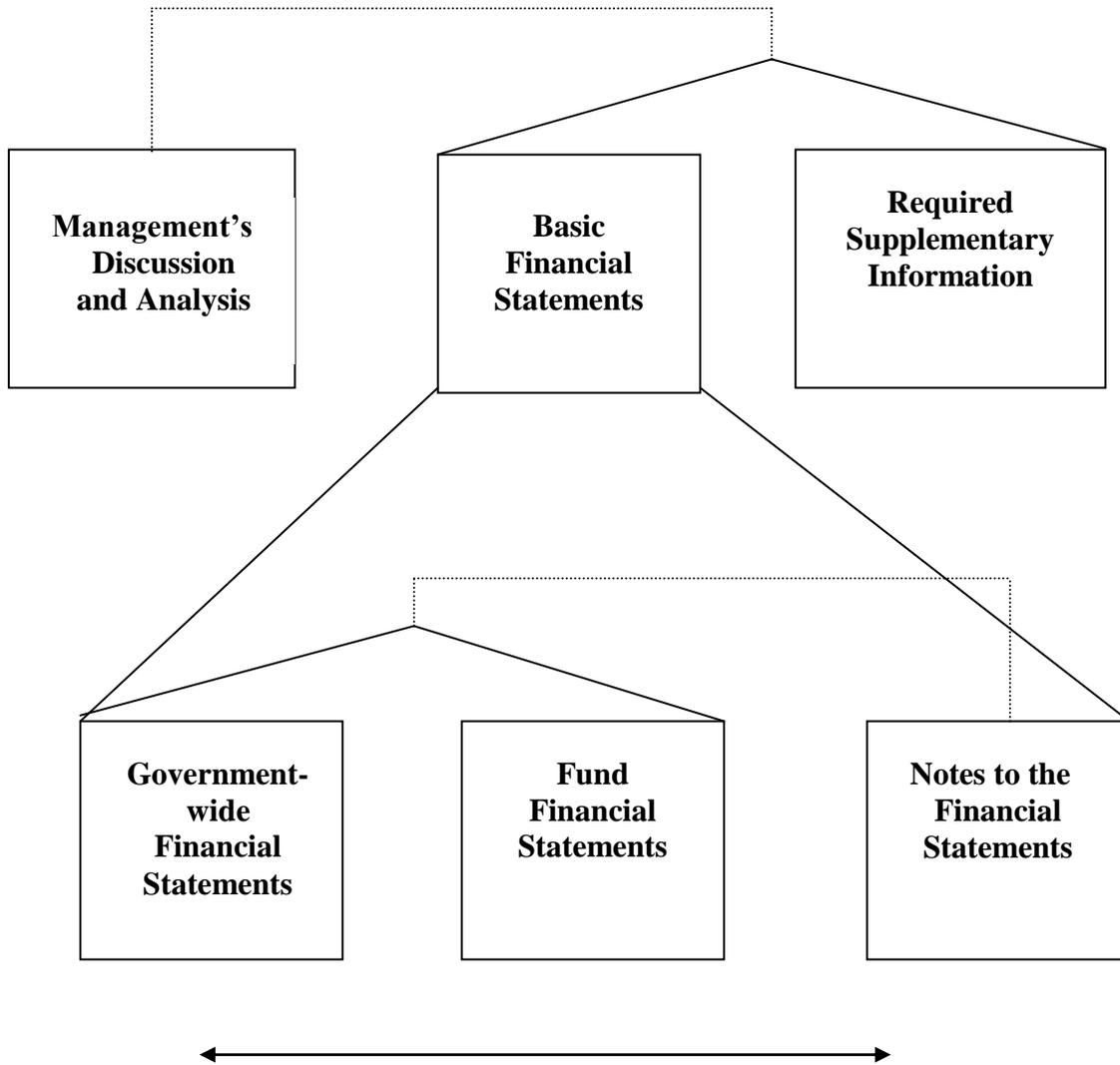
The fund financial statements have the following three primary components.

- The *governmental fund* statements tell how basic services were financed in the short term, as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the Village acts solely as trustee or agent for the benefit of others.
- *Proprietary fund* statements provide short- and long- term financial information about the activities the Village operates like a business. The Village operates its Waterworks and Sewerage Fund as a business which is accounted for as a proprietary fund.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

The following figure summarizes the major features of the Village's financial statements, including the portion of the Village's activities they cover and the types of information contained. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Organization of the Village of Johnsburg Annual Financial Report



The following figure summarizes the major features of the Village's financial statements, including the portion of the Village's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Village (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as general fund	Activities the Village operates similar to private businesses	Instances in which the Village administers resources on behalf of someone else, such as Police Pension Trust monies
Required financial statements	<ul style="list-style-type: none"> Statement of net position 	<ul style="list-style-type: none"> Balance sheet 	<ul style="list-style-type: none"> Statement of net position 	<ul style="list-style-type: none"> Statement of fiduciary net position
	<ul style="list-style-type: none"> Statement of activities 	<ul style="list-style-type: none"> Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> Statement of revenues, expenses & changes in fund net position 	<ul style="list-style-type: none"> Statement of changes in fiduciary net position
Accounting basis and measurement focus.	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the Village's financial position and operations as a whole, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village's assets and liabilities, with the difference between the two 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 Village's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, on the accrual basis of accounting, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

- To assess the Village's overall financial health, consideration also needs to be given to other non-financial factors such as changes in the Village's property tax base, the condition of its facilities and other similar items.

In the government-wide financial statements, the Village's activities are categorized as follows:

- *Governmental activities* - Most of the Village's basic services including administration, financial services, police and public works are included. Property taxes, telecommunications taxes and shared state tax distributions finance the majority of these services.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This accounting presentation also provides information prepared on a consistent method with prior years to facilitate comparative analysis. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds – These 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 (1) how cash and other financial assets that can readily be converted to cash, flow in and out of government operations and (2) the balances left at year-end available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term asset and debt focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

The financial content of the government-wide financial statements differs from the financial content of the traditional fund-based financial statements primarily due to:

- Use of the full accrual basis of accounting in the government-wide financial statements versus the modified accrual basis of accounting in the fund-based financial statements.
- Recognition in the government-wide financial statements of the cost and related current and accumulated depreciation of long-term assets.
- Recognition in the government-wide financial statements of the remaining liability for the principal payments due that are related to long-term debt obligations.

Governmental funds are further summarized by a major funds category. The Village has determined that all funds are considered major, based on the significance that each fund has toward the financial and functional impact on the Village. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances for the combined total governmental funds and for each summary category of funds.

The Village also adopts an annual budget for each of the funds listed above. A budgetary comparison statement has been provided for each fund to demonstrate actual results compared with this budget.

Proprietary fund - The Village's services for which the Village charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The Village's enterprise funds are the same as its business-type activities but provide more detail and additional information, such as cash flows.

Fiduciary fund - The Village is the trustee, or *fiduciary*, for certain assets that belong to others, such as the deferred compensation plan. The Village is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Village excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operation.

Notes to the Financial Statements:

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

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's operations.

Financial Analysis of the Village as a Whole

Statement of Net Position: The following summary data is compared with data from the preceding year for both governmental activities and business-type activities. The following provides a summary of the Village's Statement of Net Position as of April 30, 2015 and 2014:

Village of Johnsburg
Management's Discussion and Analysis
For the Year Ended April 30, 2015

	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Assets:				
Current assets	\$ 5,783,511	\$ 5,415,525	\$ (1,971,977)	\$ (1,705,163)
Capital assets (less depreciation)	11,107,608	11,377,731	8,637,319	9,014,947
Total Assets	16,891,119	16,793,256	6,665,342	7,309,784
Deferred Outflows of Resources:				
Deferred charge on refunding	-	-	(303,711)	(330,490)
Total Deferred Outflows of Resources	-	-	(303,711)	(330,490)
Liabilities:				
Current liabilities	335,805	320,495	35,094	32,412
Noncurrent liabilities (long term debt)	956,281	980,742	2,519,326	2,749,365
Total Liabilities	1,292,086	1,301,237	2,554,420	2,781,777
Deferred Inflows of Resources:				
Unearned revenue - property taxes	950,955	943,910	-	-
Total Deferred Inflows of Revenues	950,955	943,910	-	-
Net Position				
Net investment in capital assets	10,341,108	10,410,687	6,117,993	6,265,582
Restricted	921,407	682,396	-	-
Unrestricted	3,385,563	3,455,026	(1,703,360)	(1,407,085)
Total Net Position	\$ 14,648,078	\$ 14,548,109	\$ 4,414,633	\$ 4,858,497

Total Net Position: Please note that the amounts reported for governmental activities in the audit statement above are different from the governmental funds because (1) capital assets used in governmental activities are not financial resources, as they are in business, and are not reported as assets in governmental funds. (2) long-term liabilities, including bonds payable are not due in the current period and therefore not reported as liabilities in the funds. The result is that the total net position for governmental activities is \$14,648,078 and \$4,414,633 for business-type activities.

Restricted Net Position: A portion of the Village's total net position is considered restricted. The Village's restricted net position results from portions of governmental funds that are restricted, committed, or assigned, or in any other way limit the availability of fund resources for future use. The Special Service Area and Motor Fuel Tax are special revenue funds; by law, funds held in a special revenue fund are restricted to the purpose of the fund. Additionally, prepaid amounts and amounts confined for Parks and Community Development within the General Fund are considered restricted.

The funds and additional confined amounts have restricted balance as follows: Special Service Area, \$307,741; Motor Fuel Tax, \$304,198; prepaid items, \$35,214; Community Development, \$60,647; and Parks, \$213,607. The Village's total restricted net position at the end of the fiscal year totaled \$921,407. There were no significant changes affecting restrictions, commitments, or other limitations to the availability of fund resources for future use.

Village of Johnsburg
Management's Discussion and Analysis
For the Year Ended April 30, 2015

Statement of Activities: The following is a summary of the Village's changes in net position for the year ending April 30, 2015 and 2014 for governmental activities and business-type activities:

	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Revenues:				
<i>Program Revenues:</i>				
Charges for services	\$ 532,651	\$ 497,930	\$ 226,769	\$ 215,606
Operating grants and contributions	2,628	29,091	-	71,740
<i>General Revenues:</i>				
Property taxes	1,131,689	1,148,368	-	-
Other taxes	2,757,662	2,722,198	-	-
Unrestricted investment earnings	1,410	1,427	-	-
Permanent transfers	(76,218)	(33,024)	20,663	33,024
Other	113,526	25,371	-	-
Total Revenues	4,463,348	4,391,361	247,432	320,370
Expenses:				
General government	1,186,534	1,087,091	-	-
Public safety	1,492,987	1,473,533	-	-
Highways and street	1,169,174	1,688,875	-	-
Parks and buildings	91,578	88,100	-	-
Sanitation	377,394	393,442	-	-
Debt service:				
Interest on long-term debt	40,315	48,146	103,008	105,911
Other	5,397	6,634	26,740	26,742
Waterworks and sewerage	-	-	561,548	661,370
Total Expenses	4,363,379	4,785,821	691,296	794,023
Change in Net Position	99,969	(394,460)	(443,864)	(473,653)
Net Position - Beginning	14,548,109	14,942,569	4,858,497	5,332,150
Net Position - Ending	\$ 14,648,078	\$ 14,548,109	\$ 4,414,633	\$ 4,858,497

Changes in Net Position: The Village's net position in total decreased by \$343,895 to \$19,062,711 in fiscal year 2015. Net position in fiscal year 2014 totaled \$19,406,606.

The Village's total combined revenues were \$4,710,780, which is a decrease of \$951 in comparison to the previous year. Property taxes accounted for 25.36 percent of the Village's governmental activities revenue, while other taxes made up 61.78 percent of the Village's governmental activities revenue.

The total cost for all programs and services was a combined \$5,054,675, which is a decrease of \$525,169 in comparison to the previous year. Expenses in highway and street decreased by \$519,701 in comparison to the previous year.

Normal Impacts and Changes in Net Position

Reflected below are eight common (basic) impacts on revenues and expenses:

Revenues

Economic Condition: Reflects a declining, stable or growing economic environment and has a substantial impact on state income, sales, and telecommunications tax revenues as well as public spending habits for items such as building permits and user fees including volumes of usage.

Increase/Decrease in Village Approved Rates: While certain tax rates are set by statute, the Village Board has authority to impose and periodically increase/decrease rates (water, sewer, building permit fees, vehicle stickers etc.). The Village's property taxes are subject to tax caps which generally limit Village increases to the lesser of Consumer Price Index or 5.0%.

Changes in Patterns in Inter-Governmental and Grant Revenue and Other Recurring and Non-recurring Grants: Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Market Impacts on Investment Income: The Village's investment portfolio is managed with an approach utilizing competitive pricing, laddered maturities up to one year for term investments, and diversity of investments. Market conditions may cause investment income to fluctuate more than would occur with more short-term composition.

Expenses

Changes in Programs: Within the functional expense categories (General Government, Public Safety, Public Works, etc.) individual programs may be added, deleted or expanded to meet changing community needs.

Changes in Authorized Personnel: Changes in service demand may cause the Village Board to increase/decrease authorized staffing.

Salary Increases (Annual Adjustments and Step Increases): The Village strives to maintain a competitive salary range position in the marketplace.

Inflation: While overall inflation appears to be down, the Village is a major consumer of certain commodities and services which typically experience inflation at a rate that can be significantly different from CPI. Examples of such items include insurance, fuel, electricity and operating supplies.

Financial Analysis of the Village's Funds

The financial performance of the Village reflects the financial climate of the country as a whole and Illinois in particular. Expenditures and revenues are monitored carefully. Financial updates and projections are shared with the Board of Trustees regularly. Account balances for all funds are at a healthy level for the year ended April 30, 2015.

General Fund

- Fund balance increased by \$163,274, resulting in an ending fund balance of \$4,065,120.
- The Village transferred out \$107,955 more this year in comparison to the prior year.
- Revenues increased by \$145,874 and expenditures increased by \$136,901, respectively in comparison to the previous year.

Special Service Area Fund

- Fund balance decreased by \$14,792, resulting in an ending fund balance of \$307,741.
- Tax extension was considerably lower in the current fiscal year.
 - The result is that the Village collected \$17,740 less in property taxes in comparison to the previous year.

Motor Fuel Tax Fund

- Fund balance increased by \$191,994, resulting in an ending fund balance of \$304,198.
- There were no expenditures for roads in the current fiscal year.

Land and Building Fund

- Fund balance increased by \$4,706, resulting in an ending fund balance of \$7,221.
- The Village made advanced payments on debt certificates.
- Transfers in of \$111,400 covered the excess debt payments.

Budgetary Highlights

The Village Board did not amend the Budget or Appropriation Ordinance during the fiscal year. General Fund revenues collected were higher than those budgeted for FY 2015. This was primarily attributable to unbudgeted revenue of \$63,350 per the McHenry County *Tree Planting and Replacement Policy* adopted March 4, 2014 by the McHenry County Board. General Fund revenues totaling \$4,252,442, which includes \$18,000 from sale of fixed assets, are up more than 4.01% from FY 2014.

General Fund expenditures and transfers totaled \$4,089,168. Assigned monies set aside to support the Capital Improvement, Maintenance and Replacement Plan decreased by a net \$207,661. Expenditures closed out nearly 6.80% lower than budgeted, reflecting the Village's fiscal responsibility and conservative nature with taxpayer dollars. Please see Note 2 to Notes to Required Supplementary Information for more information.

Capital Assets

Capital Assets: The historic cost, net of accumulated depreciation, of capital assets of the Village as of April 30, 2015 is as follows:

	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Assets:				
Land	\$ 508,549	\$ 508,549	\$ 226,000	\$ 226,000
Land Improvements	203,011	225,535	-	-
Machinery and Equipment	325,500	263,866	-	-
Buildings, Wells and Improvements	702,418	710,254	2,376,851	2,460,247
System and Roadway Infrastructure	9,368,130	9,669,527	6,034,468	6,328,700
Totals	\$ 11,107,608	\$ 11,377,731	\$ 8,637,319	\$ 9,014,947

Fiscal year 2015 is the tenth year the Village has been required to report the year-end historic cost, net of accumulated depreciation, of capital assets, and the related depreciation expenses for the year, in its Village-wide financial statements. These amounts were derived from a detailed independent appraisal process.

The Village's major additions for fiscal year 2015 include new police squad vehicles, ITEP downtown upgrades, a tractor and a security surveillance system.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure - streets, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. GASB 34 requires that these assets be valued and reported within the Governmental column of the Government-wide Statement of Net Position. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Village has elected to depreciate assets over their useful life. If a project is considered maintenance (a recurring cost that does not extend the asset's original useful life or expand its capacity) the cost of the project will be expensed. An "overlay" of a street will be considered maintenance whereas a "rebuild" of a street will be capitalized.

See Note 4 to the financial statements for additional information about Capital Assets.

Debt Outstanding

Long-term debt: At year end, the Village had \$956,281 in long-term debt outstanding within governmental activities, and \$2,519,326 in long-term debt outstanding within business-type activities.

	Outstanding Long-Term Debt			
	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Debt instrument:				
Installment loans	\$ -	\$ 37,076	\$ -	\$ -
Debt certificates	-	116,468	-	-
Ad valorem tax bonds	766,500	813,500	-	-
General obligation bonds	-	-	2,510,000	2,740,000
Other post-employment benefits	33,493	30,323	-	-
Police pension plan	171,738	-	-	-
Net unamortized bond (discount) premium	(15,450)	(16,625)	9,326	9,365
Totals	\$ 956,281	\$ 980,742	\$ 2,519,326	\$ 2,749,365

See Note 5 to the financial statements for additional information about long-term debt.

Economic Factors

The Village of Johnsburg continues to successfully manage finances. It appears that the bottom has been reached, and the Village has begun to experience gains in building and development related revenues. Additionally, the Village is beginning to see growth in several other revenue line items such as Sales Tax, Utility Tax and Video Gaming but despite this positive economic occurrence, the Village remains conservative with regards to its future revenue projections. These assumptions provide the framework for budget development.

The Village's 2014 EAV (for taxes payable 2015) decreased by approximately 4.2%, notably less than the 11% decrease experience in the previous year, indicating a slow in the decline of home values in Johnsburg. The Village's unemployment rate according to the last census (2010) was 8.1%; below the state and national levels. The Consumer Price Index at the end of April 2015 in the Chicago region area was 0.8%. The 2010 census reflects a population in Johnsburg of 6,337; a per capita income of \$35,142; and median household income of \$80,102. Existing businesses pursued maintenance, expansion and remodeling projects in FY 2015. Additionally, the second phase of the Johnsburg Road Improvement Project was completed in FY 2015, which consisted of the construction of a modern roundabout in the downtown center. The improvements have greatly improved traffic flow and resulted in a renewed interest for business development in the Village's downtown area.

Requests for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. In addition to this report, the Village prepares an internal Annual Financial Report which is available on our website at www.johnsburg.org. Any questions concerning this report or requests for additional financial information should be directed to Claudett E. Peters, Village Administrator - Village of Johnsburg 1515 Channel Beach Avenue, Johnsburg, Illinois 60051.

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BASIC FINANCIAL STATEMENTS

VILLAGE OF JOHNSBURG
STATEMENT OF NET POSITION
APRIL 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 1,789,963	\$ 416,245	\$ 2,206,208
Accounts Receivable (net of allowance for uncollectibles):			
Property taxes	950,955	-	950,955
Income taxes	286,272	-	286,272
Sales taxes	199,277	-	199,277
Replacement taxes	274	-	274
Fines	5,539	-	5,539
Utility taxes	20,483	-	20,483
Franchise taxes	24,949	-	24,949
Telecom taxes	24,598	-	24,598
Video gaming taxes	6,114	-	6,114
Motor fuel taxes	14,739	-	14,739
Other	5	35,791	35,796
Prepays	35,214	1,116	36,330
Internal balances	2,425,129	(2,425,129)	-
Capital assets not being depreciated:			
Land	508,549	226,000	734,549
Capital assets, net of accumulated depreciation:			
Land improvements	203,011	-	203,011
Machinery and equipment	325,500	-	325,500
Buildings, wells and improvements	702,418	2,376,851	3,079,269
System and roadways infrastructure	9,368,130	6,034,468	15,402,598
Total Assets	16,891,119	6,665,342	23,556,461
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	303,711	303,711
Total Deferred Outflows of Resources	-	303,711	303,711
LIABILITIES			
Accounts payable	68,749	5,467	74,216
Accrued payroll	79,527	1,352	80,879
Accrued vacation and sick time	174,024	-	174,024
Accrued interest payable	13,505	28,275	41,780
Noncurrent Liabilities:			
Due within one year	223,988	235,038	459,026
Due in more than one year	732,293	2,284,288	3,016,581
Total Liabilities	1,292,086	2,554,420	3,846,506
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	950,955	-	950,955
Total Deferred Inflows of Resources	950,955	-	950,955
NET POSITION			
Net investment in capital assets	10,341,108	6,117,993	16,459,101
Restricted	921,407	-	921,407
Unrestricted	3,385,563	(1,703,360)	1,682,203
Total Net Position	\$ 14,648,078	\$ 4,414,633	\$ 19,062,711

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary Government:						
Governmental Activities:						
General government	\$ 1,186,534	\$ 306,658	\$ -	\$ (879,876)	\$ -	\$ (879,876)
Public safety	1,492,987	139,444	2,628	(1,350,915)	-	(1,350,915)
Highways and streets	1,169,174	63,350	-	(1,105,824)	-	(1,105,824)
Parks and building	91,578	17,258	-	(74,320)	-	(74,320)
Sanitation	377,394	5,941	-	(371,453)	-	(371,453)
Debt service:						
Interest on long-term debt	40,315	-	-	(40,315)	-	(40,315)
Other	5,397	-	-	(5,397)	-	(5,397)
Total Governmental Activities	4,363,379	532,651	2,628	(3,828,100)	-	(3,828,100)
Business-type Activities:						
Waterworks and sewerage	561,548	226,769	-	-	(334,779)	(334,779)
Debt service:						
Interest on long term-debt	103,008	-	-	-	(103,008)	(103,008)
Other	26,740	-	-	-	(26,740)	(26,740)
Total Business-type Activities	691,296	226,769	-	-	(464,527)	(464,527)
Total Primary Government	\$ 5,054,675	\$ 759,420	\$ 2,628	(3,828,100)	(464,527)	(4,292,627)
General Revenues:						
Taxes:						
Property taxes				1,131,689	-	1,131,689
Replacement taxes				1,479	-	1,479
Sales taxes				1,254,896	-	1,254,896
Income taxes				777,961	-	777,961
Telecommunications tax				137,223	-	137,223
Hospitality taxes				2,148	-	2,148
Utility taxes				315,538	-	315,538
Motor fuel taxes				191,581	-	191,581
Video gaming tax				76,836	-	76,836
Unrestricted investment earnings				1,410	-	1,410
Contributions and donations				15,164	-	15,164
Impact fees				80,362	-	80,362
Gain on disposal of capital assets				18,000	-	18,000
Transfers (out) in				(76,218)	20,663	(55,555)
Total General Revenues and Transfers				3,928,069	20,663	3,948,732
Change in Net Position				99,969	(443,864)	(343,895)
Net Position - Beginning				14,548,109	4,858,497	19,406,606
Net Position - Ending				\$ 14,648,078	\$ 4,414,633	\$ 19,062,711

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2015

	General Fund	Special Service Area Fund	Motor Fuel Tax Fund	Land and Building Fund	Total Governmental Funds
ASSETS					
Cash and investments	\$ 207,501	\$ -	\$ 289,459	\$ 5,008	\$ 501,968
Cash and investments, Capital Plan Savings	706,388	-	-	-	706,388
Cash and investments, Parks Money Market	213,607	307,353	-	-	520,960
Cash and investments, Letter of Credit	60,647				60,647
Accounts Receivable (net of allowance for uncollectibles):					
Property taxes	894,544	46,545	-	9,866	950,955
Income taxes	286,272	-	-	-	286,272
Sales tax	199,277	-	-	-	199,277
Replacement taxes	274	-	-	-	274
Fines	5,539	-	-	-	5,539
Utility taxes	20,483	-	-	-	20,483
Franchise fees	24,949	-	-	-	24,949
Telecom taxes	24,598	-	-	-	24,598
Video gaming taxes	6,114	-	-	-	6,114
Motor fuel taxes	-	-	14,739	-	14,739
Due from proprietary fund	2,424,741	388	-	-	2,425,129
Due from other funds	-	-	-	2,213	2,213
Interest receivable	5	-	-	-	5
Prepaid items	35,214	-	-	-	35,214
Total Assets	<u>\$ 5,110,153</u>	<u>\$ 354,286</u>	<u>\$ 304,198</u>	<u>\$ 17,087</u>	<u>\$ 5,785,724</u>
LIABILITIES					
Accounts payable	\$ 68,749	\$ -	\$ -	\$ -	\$ 68,749
Accrued payroll	79,527	-	-	-	79,527
Due to other funds	2,213	-	-	-	2,213
Total Liabilities	<u>150,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,489</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	894,544	46,545	-	9,866	950,955
Total Deferred Inflows of Resources	<u>894,544</u>	<u>46,545</u>	<u>-</u>	<u>9,866</u>	<u>950,955</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	35,214	-	-	-	35,214
Restricted:					
Community development	60,647	-	-	-	60,647
Parks	213,607	-	-	-	213,607
Debt service	-	307,741	-	-	307,741
Motor fuel	-	-	304,198	-	304,198
Assigned:					
Capital projects	706,388	-	-	-	706,388
Unassigned	3,049,264	-	-	7,221	3,056,485
Total Fund Balance	<u>4,065,120</u>	<u>307,741</u>	<u>304,198</u>	<u>7,221</u>	<u>4,684,280</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,110,153</u>	<u>\$ 354,286</u>	<u>\$ 304,198</u>	<u>\$ 17,087</u>	<u>\$ 5,785,724</u>

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
APRIL 30, 2015

Total fund balance - governmental funds (Exhibit C)		\$ 4,684,280
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		
Cost of capital assets:		
Land	508,549	
Land improvements	676,429	
Machinery and equipment	1,552,711	
Buildings, wells and improvements	1,111,588	
System & roadways infrastructure	<u>18,473,652</u>	
Total cost of capital assets	22,322,929	
Accumulated depreciation	<u>(11,215,321)</u>	
Net investment in capital assets		11,107,608
<p>Accrued vacation and sick time obligations are not due and payable in the current period and therefore are not recorded as liabilities in the funds. All liabilities, both current and long-term, are reported in the statement of net position.</p>		
Accrued vacation and sick time		(174,024)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. In addition, interest relating to long-term liabilities is not recorded in the governmental funds until due. Governmental funds reflect the effect of bond discounts in the year incurred in governmental funds, but are amortized over the life of the debt and deferred in the statement of net position. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of April 30, 2015 were:</p>		
Accrued interest on long-term debt	(13,505)	
Net other postemployment benefits obligation	(33,493)	
Police pension obligation	(171,738)	
Unamortized bond discount	15,450	
Bonds payable	<u>(766,500)</u>	
Total long-term liabilities		<u>(969,786)</u>
Net position of governmental activities (Exhibit A)		<u>\$14,648,078</u>

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2015

	General Fund	Special Service Area Fund	Motor Fuel Tax Fund	Land and Building Fund	Total Governmental Funds
REVENUES					
Taxes:					
Property	\$ 1,036,573	\$ 85,203	\$ -	\$ 9,913	\$ 1,131,689
Replacement	1,479	-	-	-	1,479
Sales	1,254,896	-	-	-	1,254,896
Income	777,961	-	-	-	777,961
Telecommunications tax	137,223	-	-	-	137,223
Hospitality tax	2,148	-	-	-	2,148
Video gaming tax	76,836	-	-	-	76,836
Utility tax	315,538	-	-	-	315,538
Motor fuel	-	-	191,581	-	191,581
Fines, fees and licenses	312,580	-	-	-	312,580
McHenry County tree replacement program	63,350	-	-	-	63,350
Interest	983	14	413	-	1,410
Contributions and donations	15,164	-	-	-	15,164
Operating grants	2,628	-	-	-	2,628
Impact fees	80,362	-	-	-	80,362
Other	156,721	-	-	-	156,721
Total Revenues	4,234,442	85,217	191,994	9,913	4,521,566
EXPENDITURES					
Current:					
General government	979,731	5,425	-	-	985,156
Public safety	1,461,023	-	-	-	1,461,023
Highways and streets	599,835	-	-	-	599,835
Parks and building	58,131	-	-	-	58,131
Sanitation	377,394	-	-	-	377,394
Capital outlay	388,249	-	-	-	388,249
Debt Service:					
Principal	37,076	47,000	-	116,468	200,544
Interest	111	42,187	-	139	42,437
Other	-	5,397	-	-	5,397
Total Expenditures	3,901,550	100,009	-	116,607	4,118,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	332,892	(14,792)	191,994	(106,694)	403,400
OTHER FINANCING SOURCES (USES)					
Sale of fixed assets	18,000	-	-	-	18,000
Transfers in	-	-	-	111,400	111,400
Transfers out	(187,618)	-	-	-	(187,618)
Total Other Financing Sources (Uses)	(169,618)	-	-	111,400	(58,218)
Net Change in Fund Balances	163,274	(14,792)	191,994	4,706	345,182
Fund Balance - Beginning	3,901,846	322,533	112,204	2,515	4,339,098
Fund Balance - Ending	<u>\$ 4,065,120</u>	<u>\$ 307,741</u>	<u>\$ 304,198</u>	<u>\$ 7,221</u>	<u>\$ 4,684,280</u>

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2015

Total net change in fund balances - governmental funds (Exhibit D)		\$ 345,182
<p>When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays for items below the Village's capitalization limits are expensed.</p>		
Depreciation expense		\$ (658,372)
Capital outlay over capitalization limits		<u>388,249</u>
Capital outlay in excess of depreciation expense		(270,123)
<p>Repayment of debt principal is reported as an expenditure in governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. The Village debt was reduced by principal payments which were made for bonds, debt certificates, notes and capital leases.</p>		
		200,544
<p>Accrued vacation and sick time obligations are not due and payable in the current period and therefore are not recorded as liabilities in the funds. All liabilities, both current and long-term, are reported in the statement of net position.</p>		
(Increase) in accrued vacation and sick time expense		(1,673)
<p>Other post employment benefit obligations are not due and payable in the current period and therefore are not recorded as liabilities in the funds. All liabilities, both current and long-term, are reported in the statement of net position.</p>		
(Increase) in Net Other Post Employment Benefit Obligation		(3,170)
(Increase) in Police Pension Obligation		(171,738)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		2,122
<p>Amortization of discounts on long-term debt is not reported as an expenditure in governmental funds, but is expensed on the statement of activities.</p>		
		<u>(1,175)</u>
Change in net position of governmental activities (Exhibit B)		<u><u>\$ 99,969</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
STATEMENT OF NET POSITION
PROPRIETARY FUND
APRIL 30, 2015

	<u>Business-type Activities - Enterprise Funds Waterworks and Sewerage Fund</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 416,245
Accounts receivable	35,791
Prepays	<u>1,116</u>
Total Current Assets	<u>453,152</u>
Noncurrent Assets:	
Capital Assets:	
Land	226,000
Buildings, wells and improvements	3,394,817
System infrastructure	8,468,177
Less accumulated depreciation	<u>(3,451,675)</u>
Total Noncurrent Assets	<u>8,637,319</u>
Total Assets	<u>9,090,471</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	<u>303,711</u>
Total Deferred Outflows of Resources	<u>303,711</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	5,467
Salaries payable	1,352
Due to other funds	2,425,129
Accrued interest payable	28,275
Bonds payable - current	<u>235,038</u>
Total Current Liabilities	<u>2,695,261</u>
Noncurrent Liabilities:	
Due in more than one year	<u>2,284,288</u>
Total Noncurrent Liabilities	<u>2,284,288</u>
Total Liabilities	<u>4,979,549</u>
NET POSITION	
Net investment in capital assets	6,117,993
Unrestricted	<u>(1,703,360)</u>
Total Net Position	<u><u>\$ 4,414,633</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED APRIL 30, 2015

	Business-type Activities - Enterprise Funds	
	Waterworks and Sewerage Fund	
	Budget	Actual
Operating Revenues:		
Charges for Services:		
Water sales	\$ 123,000	\$ 131,065
Sewer user fees	90,000	93,903
Water meter fees	3,000	1,801
Miscellaneous revenue	100	-
	216,100	226,769
Total Operating Revenues		
Total Operating Expenses:	236,863	561,548
Operating (Loss)	(20,763)	(334,779)
Nonoperating Revenues (Expenses):		
Interest income	100	-
Debt service:		
Interest on long term-debt	-	(103,008)
Other	-	(26,740)
	100	(129,748)
Total Nonoperating Revenues (Expenses)		
Income Before Capital Contributions and Transfers	(20,663)	(464,527)
Capital Contributions		
Transfers in	20,663	20,663
Change in Net Position	\$ -	(443,864)
Net Position - Beginning		4,858,497
Net Position - Ending		\$ 4,414,633

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2015

	<u>Business-type Activities - Enterprise Fund Waterworks and Sewerage Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for water sales	\$ 131,065
Receipts for sewer user fees	93,903
Other receipts	1,801
Payments to suppliers and service providers	(141,675)
Payments to employees for salaries and benefits	<u>(29,643)</u>
Net cash provided by operating activities	<u>55,451</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from other funds	<u>20,663</u>
Net cash provided by noncapital financing activities	<u>20,663</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Advances from other funds	332,477
Capital assets purchased	(8,910)
Principal paid on debt	(230,000)
Interest and expenses paid on debt	<u>(103,008)</u>
Net cash (used for) capital and related financing activities	<u>(9,441)</u>
Net increase in cash and cash equivalents	66,673
Cash and cash equivalents - beginning	<u>349,572</u>
Cash and cash equivalents - ending	<u><u>\$ 416,245</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating (loss)	\$ (334,779)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
(Increase) in accounts receivable	853
(Increase) in prepaids	157
(Decrease) in interest payable	1,961
Increase in salaries payable	68
Increase in accounts payable	653
Depreciation	<u>386,538</u>
Net cash provided by operating activities	<u><u>\$ 55,451</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
STATEMENT OF NET POSITION
FIDUCIARY FUND
APRIL 30, 2015

	Police Pension Trust Fund
ASSETS	
Cash and investments	\$ 2,012,087
Prepays	2,125
Interest receivable	3,154
Taxes receivable	153,660
Total Assets	2,171,026
LIABILITIES	
Accounts payable	612
Unearned revenue	153,660
Total Liabilities	154,272
NET POSITION	
Assets held in trust for pension benefits	\$ 2,016,754

The accompanying notes to the financial statements are an integral part of this statement.

VILLAGE OF JOHNSBURG
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED APRIL 30, 2015

	Police Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 130,691
Plan Members	72,587
Total Contributions	203,278
Net Investment Earnings:	
Market (loss)	(9,713)
Interest	31,895
Total Net Investment Income	22,182
Total Additions	225,460
DEDUCTIONS	
Benefits	84,940
Administrative	22,397
Total Deductions	107,337
Change in Net Position Before Transfers	118,123
TRANSFER BETWEEN FUNDS	55,555
Change in Net Position	173,678
Net Position - Beginning	1,843,076
Net Position - Ending	\$ 2,016,754

The accompanying notes to the financial statements are an integral part of this statement.

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VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Johnsburg, Illinois (the "Village") was incorporated in 1956. The Village operates under a President-Trustees form of government and provides the following services as authorized by its charter: public safety (police), streets and roads, sanitation, health and social services, public improvements, planning and zoning and general administrative services.

On November 19, 1991, the Village of Johnsburg annexed the surrounding unincorporated area of Johnsburg. On February 18, 1992, the name of the Village was changed from the Village of Sunnyside to the Village of Johnsburg.

The accounting policies of the Village of Johnsburg 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)). 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 includes all funds of its governmental operations that are controlled by or dependent upon the Village as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The accompanying financial statements includes only those funds of the Village as there are no other organizations for which it has financial accountability.

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 government's Mayor, one elected pension beneficiary, and two elected police employees 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 government is authorized to approve the actuarial assumptions used in the determination of contribution levels.

B. Fund Accounting

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained to be consistent with legal and managerial requirements.

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

Governmental funds – Used to account for all or most of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds – Used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods and 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). The Waterworks and Sewerage Fund is considered a proprietary fund.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fiduciary Funds – Used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held for employee retirement benefits a pension trust fund is used. The reporting entity includes the Police Pension Fund.

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, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenditures of a given function, segment or program are offset by program revenues. Direct expenditures 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.

Separate financial statements are provided for governmental funds, proprietary and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

The Village reports the following governmental funds:

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

Special Revenue Funds – The Special Revenue Funds, which include the Motor Fuel Tax Fund and the Special Service Area Fund, are used to account for revenue received from specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund (Land and Building Fund) accounts for the proceeds of specific revenue for the Village's land and building acquisition.

Additionally, the Village reports the following fund types:

Fiduciary Fund – The Police Pension Trust Fund accounts for assets held by the Village in a trustee capacity or as an agent for the Police Pension Trust Fund. This fund is custodial in nature (assets equal liabilities and net assets) and reflects additions and deductions of the fund.

Proprietary Fund – The Waterworks and Sewerage Fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods and services from such activities can be provided either to outside parties or to others primarily within the Village.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Major and Nonmajor Funds

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village, is considered major by the Village, or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The Village has classified the governmental funds as major or nonmajor as follows:

Major:

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

Special Service Area Fund – A Special Revenue Fund, which is used to account for revenue from specific revenue sources that are legally restricted to expenditures for mowing and upkeep of certain special service areas.

Motor Fuel Tax Fund – A Special Revenue Fund, which is used to account for revenue from specific revenue sources that are legally restricted to expenditures for road improvements.

Capital Projects Fund – The Capital Projects Fund (Land and Building Fund) accounts for the proceeds of specific revenue for the Village's land and building acquisition.

D. Measurement Focus/Basis of Accounting

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported.

The fund financial statements, except for the proprietary fund, use the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recover), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary, pension trust, and agency fund equity is classified as net position. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and proprietary fund financial statements, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and fiduciary funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., both measurable and available. Measurable means the amount of the transaction can be determined and available means due and collectible within the current period or 60 days after year-end to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payment to be made in the following year.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Those revenues susceptible to accrual are property taxes, replacement taxes, interest revenue, and intergovernmental revenues. Property taxes are recognized as revenues in the year for which they are levied (i.e. intended to finance). Grant funds are considered earned to the extent of expenditures made under grant provisions. Charges for services and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received.

All proprietary and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Budgets and Appropriations

All budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital projects, enterprise, and pension trust funds. All annual appropriations lapse at fiscal year end.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Cash and Investments

Investments are stated at fair value. Gains or losses on the sale of investments are recognized upon realization. In accordance with the Village's cash and investment management policies, the institutions in which investments are made must be approved by the Board of Trustees.

G. Capital Assets

Capital assets which include land, land improvements, machinery and equipment, buildings, wells and improvements and system and roadways infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated useful life of greater than five years. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized.

Assets which are acquired and held for the Village's use are stated at historical cost. Donated capital assets are recorded at their fair market value on the date of donation.

For proprietary funds, interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Machinery and equipment	5-10
Buildings, wells and improvements	20-50
System & roadways infrastructure	20-50

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities columns. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond premiums and discounts are amortized over the term of the related debt.

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

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report, if any, are recorded as prepaid items/expenses.

J. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Equity/Fund Balance Reporting

Equity Reporting

Equity is classified as net position displayed in three components; Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position.

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.

Restricted Net Position – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Unless specifically identified, expenditures reduce restricted resources first, then unrestricted resources as they are needed.

Fund Balance Reporting

Governmental fund balances are to be classified into five major classifications; Nonspendable, Restricted, Committed, Assigned and Unassigned.

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

Restricted – The restricted balance classification refers to amounts that are subject to restrictions, not controlled by the Village. Items such as restrictions imposed by creditors (such as debt covenants), grantors, contributions or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special revenue funds are by definition restricted for those specified purposes.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Committed – the committed fund balance refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit that amount.

Assigned – the assigned fund balance classification refers to amounts that are constrained by the Village Management's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – the unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

Expenditures of Fund Balances - unless specifically identified, expenditures reduce restricted balances first, then committed balances, next to assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

L. Compensated Absences

Vested or accumulated vacation and sick leave are reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation and sick leave of governmental activities is recorded as an expense and liability of those funds as the benefits accrue to employees.

M. Deferred Outflows 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.

N. Deferred Inflows of Resources

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. The Village has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

O. Bond Premiums and Discounts

In the government-wide financial statements, bond premium and discount is amortized over the lives of the related bond issue. In the fund statements, bond premium and discount are recognized in the year the bonds are issued.

P. Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Q. General Fund Revenues

The Village's primary revenues are collected by the State of Illinois and remitted to the Village the following month. These revenues include sales tax, income tax, and gaming revenue. McHenry County, Illinois bills and collects property taxes for the Village of Johnsburg. The taxes are remitted to the Village of Johnsburg.

R. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

S. Operating and Non-operating Revenues and Expenses – Proprietary Funds

Operating revenues for the proprietary fund are charges for services including water and sewerage fees. Expenses include the maintenance and continual improvements to water and sewerage systems.

NOTE 2 – PROPERTY TAXES RECEIVABLE

The levy becomes an enforceable lien against the property as of January 1. The Village must file its tax levy ordinance by the last Tuesday in December in McHenry County. The Village's property tax is levied each year on all taxable real property located in the Village. The tax levy for 2014 was passed on December 2, 2014 and the 2013 tax levy was passed on December 16, 2013.

The McHenry County Assessor is responsible for the assessment of all taxable real property within McHenry County except for certain railroad property which is assessed directly by the State. The county is reassessed every four years by the Assessor.

The Illinois Department of Revenue has the statutory responsibility of ensuring uniformity of real property assessments throughout the State. Each year the Department of Revenue furnishes the county clerks with an adjustment factor to equalize the level of assessment between counties at one-third of market value. This factor (the "Equalization Factor") is then applied to the assessed valuation to compute the valuation of property to which a tax rate will be applied (the "Equalized Valuation). The Equalization Factor for McHenry County was 1.0000 for the 2014 tax levy and 1.0000 for the 2013 tax levy.

The County Clerk adds the Equalized Valuation of all real property in the county to the valuation of property assessed directly by the State (to which the Equalized Factor is not applied) to arrive at the base amount (the "Assessment Base") used in calculating the annual tax rates, as described above. The Equalized Valuation for the extension of the 2014 tax levy was \$172,202,663 and the Equalized Valuation for the extension of the 2013 tax levy was \$179,437,351.

The County Clerk computes the annual tax rate by dividing the levy into the Assessment Base of the Unit. The Clerk then computes the rate for each parcel of real property by aggregating the tax rates of all units having jurisdiction over that particular parcel. He enters that tax in the books, which he prepares for the County Collector along with the Assessed Valuation and Equalized Valuation described above. These books are the Collector's authority for the collection of taxes and are used by the Collector as the basis for issuing tax bills to all taxpayers in the county.

Property taxes are collected by the McHenry County Collector/Treasurer who remits to the Village its share of collections. Taxes levied in one year become due and payable in two installments on approximately June 1 and September 1 during the following year. The Village receives significant distributions of tax receipts approximately one month after these due dates. For governmental funds, property tax revenues are recognized in the fiscal year for which they are levied (i.e. intended to finance).

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 2 – PROPERTY TAXES RECEIVABLE (Concluded)

Property taxes recorded in these financial statements as property taxes receivable and deferred revenue are from the 2014 tax levy. The deferred revenue is 100% of the 2014 tax levy. These taxes are deferred as none of the taxes are collected before and approximately 50% are collected within 60 days of the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use until the following fiscal year. The Village has determined that 100% of the 2013 and any prior tax levies is allocable for use in fiscal year 2015. Therefore, 100% of the amount collected for the 2013 and prior levies is recorded in these financial statements as property tax revenue.

Based upon collection histories, the Village has provided at April 30, 2015 an allowance for uncollectible real property taxes equivalent to .5% of the current levy. All property taxes receivable over one year old have been written off.

Following are the tax rates and extensions applicable per \$100 of equalized assessed valuation as it pertains to the 2014, 2013 and 2012 tax levies:

Tax Year:	2014		2013		2012	
Assessed Valuation	\$	172,202,663	\$	179,437,351	\$	202,420,240
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.28205	\$ 485,696	0.27148	\$ 487,132	0.24065	\$ 487,132
Road & Bridge	0.00000	142,067	0.00000	137,856	0.00000	134,777
Garbage Collection	0.12146	209,149	0.11690	209,767	0.10363	209,766
Land and Building	0.00576	9,915	0.00554	9,943	0.00491	9,943
Police Protection	0.11800	203,201	0.11358	203,801	0.10068	203,801
Crossing Guard	0.00058	994	0.00056	996	0.00049	996
Police Pension	0.08968	154,431	0.07305	131,072	0.05474	110,807
Totals	<u>0.61752</u>	<u>\$ 1,205,453</u>	<u>0.58110</u>	<u>\$ 1,180,567</u>	<u>0.50511</u>	<u>\$ 1,157,222</u>

The Village also collects taxes from Special Service Areas within the Village for the payment of principal and interest on bonds and maintenance of property. The taxes extended for the Special Service Areas for 2014 were \$46,779 and \$92,943 for 2013.

NOTE 3 – DEPOSITS AND INVESTMENTS

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments". In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds. The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiles Statutes.

Permitted Deposits and Investments – Statutes authorize the Village to make deposit/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, credit union shares, repurchase agreements, commercial paper rated within the three highest classification by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (Cont'd)

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

Deposits. At year end, the carrying amount of the Village's deposits, including certificates of deposits, for governmental and business-type activities totaled \$1,536,899 and the bank balances totaled \$1,640,651.

Investments. The Village has the following investment and fair values maturities:

Investment Type	Fair Value	Investment Maturity Less Than One Year
Treasury Obligations	\$ 75,384	\$ 75,384
Illinois Funds	593,925	593,924
Totals	\$ 669,309	\$ 669,308

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with Village's investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in shorter term securities, money market funds or similar investment pools.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's policy limits its exposure to credit risk by limiting investments to the safest types of securities, prequalifying the financial institution, intermediaries and advisors with which the Village will conduct business; and diversifying the investment portfolio so that potential loss on individual statements will be minimized. The Village's investment in Illinois Funds is rated AAAm by Standard and Poor and the Treasury Obligations are held with Goldman Sachs and rated AAAm by Standard and Poor.

Custodial Credit Risk. In the case of deposits this 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 for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured. At year end the entire amount of the bank balance of deposits was covered by collateral or federal depository.

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any court, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 3 – DEPOSITS AND INVESTMENTS (Cont'd)

registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and the diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase.

Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor may, through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

Deposits. At year end, the carrying amount of the Police Pension Fund's deposits, including certificates of deposits, for fiduciary-type activities totaled \$939,897 and the bank balances totaled \$879,142.

Investments. The Fund has the following investment and fair values maturities:

Investment Type	Fair Value	Investment Maturities			
		Less Than One Year	One Year to Five	Six Years to Ten	More Than Ten Years
Corporate Bonds	\$ 409,716	\$ -	\$ 72,344	\$ 218,886	\$ 118,486
Annuities	470,250	470,250	-	-	-
Mutual Funds	192,224	192,224	-	-	-
Totals	<u>\$ 1,072,190</u>	<u>\$ 662,474</u>	<u>\$ 72,344</u>	<u>\$ 218,886</u>	<u>\$ 118,486</u>

Interest Rate Risk. The Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations, while providing a reasonable rate of return based on the current market.

Credit Risk. The Fund's policy limits its exposure to credit risk by limiting investments to the safest types of securities, prequalifying the financial institution, intermediaries and advisors with which the Fund will conduct business; and diversifying the investment portfolio so that potential loss on individual statements will be minimized.

Custodial Credit Risk. In the case of deposits this is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured.

Concentration Risk. Please see Note 8 – Retirement Fund Commitments for information on Asset Allocation and Concentrations.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 was as follows:

	Balance April 30, 2014	Additions	Deletions	Balance April 30, 2015
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 508,549	\$ -	\$ -	\$ 508,549
Subtotal	508,549	-	-	508,549
Capital assets being depreciated:				
Land improvements	665,407	11,022	-	676,429
Buildings and improvements	1,097,120	14,468	-	1,111,588
Machinery and equipment	1,433,600	119,111	-	1,552,711
Roadways infrastructure	18,230,004	243,648	-	18,473,652
Subtotal	21,426,131	388,249	-	21,814,380
Accumulated depreciation:				
Land improvements	439,872	33,546	-	473,418
Buildings and improvements	386,866	22,304	-	409,170
Machinery and equipment	1,169,734	57,477	-	1,227,211
Roadways infrastructure	8,560,477	545,045	-	9,105,522
Subtotal	10,556,949	658,372	-	11,215,321
Net Capital Assets	<u>\$ 11,377,731</u>	<u>\$ (270,123)</u>	<u>\$ -</u>	<u>\$ 11,107,608</u>

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

	Amounts
<u>Governmental Activities:</u>	
General government	\$ 25,068
Public safety	30,668
Public works/highways and streets	569,189
Parks and buildings	33,447
Total governmental activities depreciation expense	<u>\$ 658,372</u>

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 4 – CAPITAL ASSETS (Concluded)

	Balance April 30, 2014	Additions	Deletions	Balance April 30, 2015
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 226,000	\$ -	\$ -	\$ 226,000
Subtotal	226,000	-	-	226,000
Capital assets being depreciated:				
Wells, buildings and improvements	3,394,817	-	-	3,394,817
System infrastructure	8,459,267	8,910	-	8,468,177
Subtotal	11,854,084	8,910	-	11,862,994
Accumulated depreciation:				
Wells, buildings and improvements	934,570	83,396	-	1,017,966
System infrastructure	2,130,567	303,142	-	2,433,709
Subtotal	3,065,137	386,538	-	3,451,675
Net Capital Assets	<u>\$ 9,014,947</u>	<u>\$ (377,628)</u>	<u>\$ -</u>	<u>\$ 8,637,319</u>

NOTE 5 – GENERAL LONG-TERM DEBT

Bonds payable associated with the governmental activities as of April 30, 2015 are comprised of the following:

Installment Loan

In June, 2011, the Village received an installment loan from The State Bank Group for the purchase of 2011 Dodge Charger police vehicle in the amount of \$28,000. The loan will be paid back with monthly payments of \$817 for 36 months including interest, starting in July, 2011. At April 30, 2015, the outstanding principal balance is paid off.

In August, 2011, the Village received an installment loan from The State Bank Group for the purchase of 2011 Dodge Charger police vehicle in the amount of \$20,000. The loan will be paid back with monthly payments of \$584 for 36 months including interest, starting in September, 2011. At April 30, 2015, the outstanding principal balance is paid off.

In December, 2012, the Village received an installment loan from The State Bank Group for the purchase of a 2012 Ford F-550 truck in the amount of \$61,371. The loan will be paid back with monthly payments of \$1791 for 36 months including interest, starting in December, 2012. At April 30, 2015, the outstanding principal balance is paid off.

Debt Certificates

On August 16, 2006, the Village issued Debt Certificates, Series 2006, in the amount of \$100,000 to finance a property purchase. The Certificates are to be retired with installments of principal and interest on February 16 and August 16 each year beginning February 16, 2007 at an interest rate of 4.2%. The balance due on these debt certificates as of April 30, 2015 is \$-0-

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 5 – GENERAL LONG-TERM DEBT (Cont'd)

On May 1, 2012, the Village issued Debt Certificates in the amount of \$122,000 to finance a property purchase. The Certificates are to be retired with installments of principal and interest on May 1 and November 1 each year beginning November 1, 2012, at an interest rate of 3.25%. The balance due on these debt certificates as of April 30, 2015 is \$-0-.

Special Service Area Unlimited Ad Valorem Tax Bonds Payable

Special Service Area #18 Bonds dated August 29, 2006 were issued by the Village in the amount of \$150,000. Principal payments are due December 1, and interest payments at rates of 4.2% are due June 1 and December 1, through the fiscal year ending April 30, 2017. The remaining outstanding balance at April 30, 2015, is \$36,500.

Special Service Area #27 Bonds dated August 19, 2010, were issued by the Village in the amount of \$630,000. Principal payments are due January 1, and interest payments at rates of 4.2%-5.5% are due July 1 and January 1, through the fiscal year ending April 30, 2031. The remaining outstanding balance at April 30, 2015, is \$560,000.

Special Service Area #28 Bonds dated December 1, 2010 were issued by the Village in the amount of \$200,000. Principal payments are due January 1, and interest payments at rates of 5.0%-5.75% are due July 1 and January 1, through the fiscal year ending April 30, 2030. The remaining outstanding balance at April 30, 2015, is \$170,000.

The following is a summary of the components of long-term debt and related transactions of the Village associated with governmental activities for the year ended April 30, 2015:

	Balance April 30, 2014	Additions	Deletions	Balance April 30, 2015	Due Within One Year
Debt Instrument:					
Installment Loan	\$ 33,128	\$ -	\$ 33,128	\$ -	\$ -
Installment Loan	2,320	-	2,320	-	-
Installment Loan	1,628	-	1,628	-	-
Debt Certificates	87,434	-	87,434	-	-
Debt Certificates	29,034	-	29,034	-	-
Special Service Area Unlimited Ad Valorem Tax Bonds:					
08/29/06 SSA #18	53,500	-	17,000	36,500	18,000
08/19/10 SSA #27	580,000	-	20,000	560,000	25,000
12/01/10 SSA #28	180,000	-	10,000	170,000	10,000
Total Bonds Payable	967,044	-	200,544	766,500	53,000
Other post-employment benefits	30,323	3,170	-	33,493	-
Police pension obligation	-	171,738	-	171,738	171,738
Unamortized Bond Discount	(16,625)	-	(1,175)	(15,450)	(750)
Total Long Term Debt	\$ 980,742	\$ 174,908	\$ 199,369	\$ 956,281	\$ 223,988

Bonds payable associated with the business-type activities as of April 30, 2015 are comprised of the following:

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 5 – GENERAL LONG-TERM DEBT (Cont'd)

Advance Refunding of Bonds Outstanding

On February 7, 2006, the Village issued \$775,000 in refunding bonds with an average interest rate of 4.104% to advance refund \$785,000 of outstanding 1997 Series bonds with an average interest rate of 5.712%. Principal payments are due January 1, and interest payments at rates from 3.6% to 4.3% are due January 1 and July 1, through the fiscal year ending April 30, 2016. Securities were purchased and deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded bonds. As of April 30, 2015, \$245,000 is outstanding on the refunded debt.

General Obligation Bonds Payable

On December 15, 2009, the Village issued \$3,000,000 in general obligation alternate revenue source bonds to partially refund \$4,520,000 of outstanding 2007 Debt Certificates and to refinance the original project. Securities were purchased and deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the refunded debt certificates. Installments of principal and interest are due on February 1 and of interest on August 1 each year beginning February 1, 2010, with interest rates ranging from 2.50% to 4.30% and averaging 3.207% through the fiscal year ending April 30, 2027. The balance due on these bonds as of April 30, 2015 is \$2,265,000.

The following is a summary of the components of long-term debt and related transactions of the Village associated with business-type activities for the year ended April 30, 2015:

	Balance April 30, 2014	Additions	Deletions	Balance April 30, 2015	Due Within One Year
General Obligation Bonds:					
2006 Refunding	\$ 320,000	\$ -	\$ 75,000	\$ 245,000	\$ 80,000
2009 Refunding	2,420,000	-	155,000	2,265,000	155,000
Total Bonds Payable	<u>2,740,000</u>	<u>-</u>	<u>230,000</u>	<u>2,510,000</u>	<u>235,000</u>
Unamortized Amounts:					
Bond Premium	12,917	-	1,006	11,910	1,007
Bond Discounts	(3,552)	-	(968)	(2,584)	(969)
Total Long Term Debt	<u>\$ 2,749,365</u>	<u>\$ -</u>	<u>\$ 230,038</u>	<u>\$ 2,519,326</u>	<u>\$ 235,038</u>

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 5 – GENERAL LONG-TERM DEBT (Concluded)

As of April 30, 2015 the annual debt service requirements to service outstanding bonds are:

Fiscal Year Ending Year Ending April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 53,000	\$ 40,133	\$ 235,000	\$ 94,330
2017	53,500	37,827	240,000	87,248
2018	35,000	35,500	250,000	78,607
2019	35,000	33,900	170,000	69,590
2020	40,000	32,037	175,000	63,980
2021	40,000	29,912	185,000	57,768
2022	40,000	27,787	190,000	51,200
2023	45,000	25,663	195,000	43,980
2024	50,000	23,275	205,000	36,570
2025	50,000	20,613	215,000	28,165
2026	55,000	17,950	220,000	19,350
2027	55,000	14,925	230,000	9,890
2028	55,000	11,900	-	-
2029	60,000	8,838	-	-
2030	100,000	5,500	-	-
Total	<u>\$ 766,500</u>	<u>\$ 365,760</u>	<u>\$ 2,510,000</u>	<u>\$ 640,678</u>

NOTE 6 – COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all Village funds; instead, certain funds maintain their uninvested cash balances in a common checking account with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain funds participating in the common bank account may incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Board of Trustees.

NOTE 7 – DEFERRED COMPENSATION PLAN

The Village of Johnsburg adopted a deferred compensation plan on July 1, 1991, in compliance with code section 457 of the Internal Revenue code. A deferred compensation plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's accounts are to be determined instead of specifying the amount of benefits the individual is to receive. Under a deferred compensation plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

NOTE 8 – RETIREMENT FUND COMMITMENTS

The Village contributes to two defined benefit pension plans, the **Illinois Municipal Retirement Fund (IMRF)**, 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 both plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 8 – RETIREMENT FUND COMMITMENTS (Cont'd)

Illinois Municipal Retirement Fund

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

Funding Policy. As set by statute, your employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual required contribution rate for calendar year 2014 was 13.16 percent. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2014 was \$58,614.

Three-Year Trend Information for the Regular Plan			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2014	\$ 58,614	100%	\$ -
12/31/2013	53,421	100%	-
12/31/2012	48,538	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability at December 31, 2012, is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 74.28 percent funded. The actuarial accrued liability for benefits was \$1,111,818 and the actuarial value of assets was \$825,898, resulting in an underfunded actuarial accrued liability (UAAL) of \$285,920. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$445,394 and the ratio of the UAAL to the covered payroll was 64 percent.

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

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 8 – RETIREMENT FUND COMMITMENTS (Cont'd)

Police Pension Plan

Plan Membership. Sworn police personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund which is a fiduciary fund type. At April 30, 2015, the Police Pension Plan membership consisted of:

Membership	
Active Members	11
Retirees and Beneficiaries	2
Inactive, Nonretired Members	2
Total	15

Benefits Provided. The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of 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% of such salary for each year of service over 20 years (maximum 20%), plus 1% of such annual salary for additional services in excess of 30 years (total maximum 5%), or for persons terminating on or after January 1, 1999, 50% of the greater of the annual salary held in the year preceding retirement of the annual salary held on the last day of service, plus 2.5% of such annual salary for service from 20 to 30 year (maximum 25%).

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 July 1, 1987 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.

Contributions. Employees are required by ILCS 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 interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

Annual Pension Cost. For 2015, the Village's annual Police pension contribution of \$130,691 was 43.21% of the Village's required contributions. This amount contributed by the Village during the fiscal year ended April 30, 2015 was based on a combination of the actuarial valuation report provided by the Illinois Department of Insurance and the actuarial valuation report provided by the Johnsburg Police Pension Fund. Prospectively, the Village intends to fund the Police Pension based on the recommended contributions determined as part of the April 30, 2015 actuarial valuation using GASB No. 67 guidance.

Trend Information for the Regular Plan			
Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
4/30/2015	\$ 302,429	43.21%	\$ 171,738

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 8 – RETIREMENT FUND COMMITMENTS (Cont'd)

Actuarial Assumptions. The required contribution for 2015 was determined as part of the April 30, 2015 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at April 30, 2015, included (a) 6.50% investment rate of return (b) projected salary increases of 1.50% per year, attributable to inflation, (c) additional projected salary increases ranging from 1.12% to 4.86% per year varying by age, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Police Pension Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a smoothed market, no corridor. The Police Pension Fund actuarial underfunded liability at April 30, 2015 is being amortized as a level dollar ending in fiscal year 2041.

Asset Allocation and Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the asset allocation percentage and by adding expected inflation. The asset allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long term expected investment rate of return assumption are summarized below.

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	25%	
Corporate Bonds	20%	
Certificates of Deposits	22%	
Annuities	23%	
Mutual Funds	10%	
Total	100%	6.50%

Net Pension Liability. The net pension liability as of April 30, 2015 is as shown below:

	Police
Total pension liability	\$ 4,251,896
Plan fiduciary net position	(1,961,200)
Employer net pension liability	\$ 2,290,696
Plan fiduciary net position as a percentage of the total pension liability	46.13%

Actuarial valuation of the ongoing systems involves estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in the Village's Net Pension Liability presents multi-year trend information about whether the Police fiduciary net positions are increasing or decreasing over time relative to the total pension liability. These schedules are presented in the Required Supplementary Information section. The Village will record its net pension liability in fiscal year ending April 30, 2016, when it implements GASB No. 68, Accounting and Financial Reporting/or Pensions.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 8 – RETIREMENT FUND COMMITMENTS (Concluded)

Discount Rate. The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on those assumptions, the Police pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Concentrations. Individual investments in the Police Pension Plan which exceeded 5% or more of the plan fiduciary net position available for benefits on April 30, 2015 were as follows:

ING S&P 500 Index Annuity	\$ 470,250
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NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Under Illinois law, the Village is required to provide postemployment benefits other than pensions (OPEB) to employees who meet certain criteria, primarily employees who qualify for retirement pensions. The benefit to employees is that the Village is required to provide the opportunity to retirees to purchase group health insurance coverage for themselves and their dependents at group insurance rates through the Village. As a result of offering such benefits, the Village is required to report the value of such benefits and the associated costs according to GASB Statement No. 45, which the Village has elected to apply the alternative measurement method permitted by this Statement. The Village is not required to advance fund this cost, and accordingly, it has chosen to fund this cost on a pay-as-you-go basis at this time.

The summary below represents the actuarial valuations results of the Village's active and retired employee groups.

Annual Required Contribution	\$ 3,170
Interest on Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost	3,170
Employer Contributions	-
Increase in Net OPEB Obligation	3,170
Net OPEB Obligation - Beginning of Year	30,323
Net OPEB Obligation - End of Year	\$ 33,493
Actuarial Valuation Date	April 30, 2015
Liabilities Discount Rate	3.4%

NOTE 10 – CONTINGENCIES

With regard to other pending matters, the eventual outcome and the related liability, if any, none are known at this time. Accordingly, no provision has been made in the accompanying financial statements for settlement costs.

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 11 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Village has purchased insurance through risk pools and private insurance companies. Risks covered include general liability, worker’s compensation and other. During fiscal year 2015 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Premiums paid have been displayed as expenditures in appropriate funds

NOTE 12 – RISK POOL ASSOCIATIONS

The Village is a member of the Illinois Municipal League Risk Management Association (IMLRMA), which has been formed to provide casualty, property and liability protections and to administer some or all insurance coverage and protection other than health, life and accident coverage. It is intended that IMLRMA will provide a way for members to equalize annual fluctuations in insurance costs and risks.

Complete financial statements for IMLRMA can be obtained from its administrator, 1101 West Lake Street, Chicago, IL 60607-1609.

NOTE 13 – INTERFUND LOANS

The Village made the following interfund loans during the fiscal year ended April 30, 2015:

Fund	Due From Other Funds
General Fund	\$ 2,424,741
Special Service Area Fund	388
Land and Building Fund	2,213
Total	\$ 2,427,342
Fund	Due To Other Funds
Water and Sewerage Fund	\$ 2,425,129
General Fund	2,213
Total	\$ 2,427,342

NOTE 14 – INTERNAL FUND TRANSFERS

During the fiscal year ended April 30, 2015, the following transfers were made:

Fund	From	To
General Fund	\$ 187,618	\$ -
Water and Sewerage Fund	-	20,663
Land and Building Fund	-	111,400
Police Pension Fund	-	55,555
Totals	\$ 187,618	\$ 187,618

VILLAGE OF JOHNSBURG
NOTES TO FINANCIAL STATEMENTS
(AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS)
APRIL 30, 2015

NOTE 14 – INTERNAL FUND TRANSFERS (Concluded)

General Fund made permanent transfers to the Waterworks and Sewerage Fund in the amount of \$20,663, to the Land and Building Fund in the amount of \$111,400 and to the Police Pension Fund in the amount of \$55,555.

NOTE 15 – FUND BALANCE RESTRICTIONS

General Fund – The amount restricted in the nonspendable category consists of insurance premiums paid in advance which cover a period of time within the next fiscal year. Restricted funds are for parks and are provided by local ordinance. Assigned funds are for capital projects, which is set aside by management.

Special Service Area – The restricted assets consist of cash and investments required to be set aside under the long term debt financing arrangements for Special Service Area #27 and Special Service Area #28 and will be utilized to help in paying back those bondholders.

Motor Fuel Tax Fund – The amount restricted within this fund is, by law, only to be used for construction and maintenance of roadways.

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

In 2015, the Village adopted new accounting guidance:

- GASB Statement No. 67, *Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25*.

The adoption of Statement No. 67 has changed note disclosures and required supplementary information, in addition to recognizing \$171,738 of long-term debt as police pension obligations on the Statement of Net Position.

Prior to the implementation of GASB No. 67, the Village used the Illinois Department of Insurance report, which listed a recommended contribution at a 90% funding level as a basis of its contributions to the Police Pension Fund.

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between April 30, 2015, and the date of this audit report requiring disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress – Illinois Municipal Retirement Fund
- Schedule of Funding Progress – Police Pension Fund
- Schedule of Changes in Net Pension Liability and Related Ratios – Police Pension Fund
- Schedule of Contributions – Police Pension Fund
- Schedule of Funding Progress – Other Post-Employment Benefits
- Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual –
 - General Fund
 - Special Service Area Fund
 - Motor Fuel Tax Fund
 - Land and Building Fund
 - Waterworks and Sewerage Fund
- Notes to Required Supplementary Information

VILLAGE OF JOHNSBURG
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS -
 ILLINOIS MUNICIPAL RETIREMENT FUND

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL Percentage of Covered Payroll [(b-a)/c]
12/31/2014	\$825,898	\$1,111,818	\$ 285,920	74.28%	\$445,394	64.19%
12/31/2013	700,301	954,718	254,417	73.35%	408,104	62.34%
12/31/2012	625,109	992,535	367,426	62.98%	392,387	93.64%

On a market value basis, the actuarial value of assets as of December 31, 2014, is \$948,156. On a market basis, the funded ratio would be 85.28%.

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

VILLAGE OF JOHNSBURG
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 POLICE PENSION FUND

Fiscal year ending April 30,	<u>2015</u>
Total pension liability	
Service cost	\$ 184,591
Interest on the total pension liability	237,051
Benefit changes	-
Difference between expected and actual experience of the total pension liability	2,806
Changes of assumptions	226,520
Benefit payments, including any refunds of employee contributions	<u>(84,940)</u>
Net change in pension liability	566,028
Total pension liability - beginning	<u>3,685,868</u>
Total pension liability - ending (A)	<u><u>\$ 4,251,896</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 130,691
Contributions - employees	72,587
Net investment income	20,022
Benefit payments, including any refunds of employee contributions	(84,940)
Other (administrative expenses)	<u>(20,235)</u>
Net change in plan fiduciary net position	118,125
Plan fiduciary net position - beginning	1,843,075
Plan fiduciary net position - ending (B)	<u><u>\$ 1,961,200</u></u>
Net pension liability/(asset) - ending (A) - (B)	<u><u>\$ 2,290,696</u></u>
Plan fiduciary net position as a percentage of total pension liability	46.13%
Covered valuation payroll	\$ 765,673
Net pension liability as a percentage of covered valuation payroll	299.17%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF JOHNSBURG
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 POLICE PENSION FUND

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 302,429	\$ 130,691	\$ 171,738	\$ 765,673	17.07%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF JOHNSBURG
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST-EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL Percentage of Covered Payroll [(b-a)/c]
4/30/2015	\$ -	\$23,628	\$23,628	0.00%	N/A	N/A
4/30/2014	-	25,333	25,333	0.00%	N/A	N/A
4/30/2013	-	33,503	33,503	0.00%	N/A	N/A
4/30/2012	-	23,400	23,400	0.00%	N/A	N/A

VILLAGE OF JOHNSBURG
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2015

	2015	
	Original and Final Budget	Actual
<u>Revenues:</u>		
Taxes	\$ 3,564,358	\$ 3,602,654
Fines, fees, and licenses	357,100	312,580
Other	170,053	319,208
	<u>4,091,511</u>	<u>4,234,442</u>
 <u>Expenditures:</u>		
Current:		
Administration	979,593	979,731
Public safety	1,427,816	1,461,023
Public works	765,550	599,835
Parks and building	52,326	58,131
Sanitation	378,869	377,394
Capital outlay	319,618	388,249
Debt service	359,044	37,187
	<u>4,282,816</u>	<u>3,901,550</u>
 <u>Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed</u>	<u>(191,305)</u>	<u>332,892</u>
 <u>Other Financing Sources (Uses):</u>		
Sale of fixed assets	-	18,000
Transfers out	(84,555)	(187,618)
	<u>(84,555)</u>	<u>(169,618)</u>
 <u>Net Change in Fund Balance</u>	<u>\$ (275,860)</u>	<u>163,274</u>
 <u>Fund Balance - May 1, 2014</u>		<u>3,901,846</u>
 <u>Fund Balance - April 30, 2015</u>		<u>\$ 4,065,120</u>

VILLAGE OF JOHNSBURG
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2015

	2015	
	Original and Final Budget	Actual
<u>Revenues:</u>		
Taxes:		
Property tax	\$ 1,039,552	\$ 1,036,573
Replacement tax	1,500	1,479
Telecommunications tax	170,000	137,223
Hospitality tax	3,000	2,148
Video gaming tax	72,750	76,836
Utility tax	315,000	315,538
Sales tax	1,342,798	1,254,896
Income tax	619,758	777,961
<u>Total taxes</u>	<u>3,564,358</u>	<u>3,602,654</u>
Fines, Fees, and Licenses:		
Franchise fees	95,000	99,483
Fines	171,300	133,982
Copy fees	700	365
Vehicle stickers	-	1,800
Building permits	65,000	48,330
Vending/game licenses	6,000	5,795
Business licenses	300	525
Liquor licenses	18,800	22,300
<u>Total Fines, Fees, and Licenses</u>	<u>357,100</u>	<u>312,580</u>
Other:		
McHenry County tree replacement program	-	63,350
Interest	1,400	983
Zoning and annex fees	1,000	350
Park fees	7,585	17,258
Miscellaneous	60,776	56,414
Contractor service fees	3,500	806
Drug seizure fees	1,000	5,462
Transition fees	21,969	50,960
Grants	20,000	2,628
Donations	12,000	15,164
Lease fees	24,333	19,530
Impact fees	7,490	80,362
Garbage stickers	9,000	5,941
<u>Total Other</u>	<u>170,053</u>	<u>319,208</u>
<u>Total Revenues</u>	<u>4,091,511</u>	<u>4,234,442</u>

(Continued)

VILLAGE OF JOHNSBURG
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2015

	2015	
	Original and Final Budget	Actual
<u>Expenditures:</u>		
Current:		
Administration Department:		
Salaries	\$ 304,857	\$ 285,869
IMRF	34,044	29,588
Medicare	23,245	21,191
Health insurance	28,471	28,233
Fringe benefit	1,860	2,895
Liability and worker's compensation insurance	6,789	6,919
Communication	4,558	5,467
Travel	1,930	2,680
Auto allowance	200	-
Training	1,000	-
Postage	4,884	5,169
Publications	2,140	2,270
Printing	4,400	9,264
Audit	13,600	13,620
Engineering	24,000	35,510
Legal	30,000	5,809
Building inspections	10,000	5,805
Community affairs	13,120	19,000
Committee expense	150	-
Dues	2,940	2,728
Contracted services	20,000	9,210
Contract maintenance	18,689	10,969
Mosquito abatement	-	6,664
Office supplies	2,000	-
Uniforms	200	-
Miscellaneous	2,500	6,323
Impact/transition fee payments	24,016	68,166
Sales tax reimbursement	400,000	396,382
<u>Total Administration</u>	<u>979,593</u>	<u>979,731</u>
Public Safety Department:		
Salaries	829,020	877,277
Overtime	105,000	91,785
Pension	5,129	4,974
Medicare	20,101	21,936
Health insurance	106,019	111,757
Vehicle maintenance	12,400	12,245
Equipment maintenance	11,350	16,170
Liability and worker's compensation insurance	70,958	64,284

(Continued)

VILLAGE OF JOHNSBURG
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2015

	2015	
	Original and Final Budget	Actual
Public Safety Department:		
Communications	\$ 116,794	\$ 112,312
Travel	8,100	2,304
Training	18,290	9,964
Postage	950	984
Legal	39,840	45,565
Dues	11,917	13,412
Office supplies	3,420	1,980
Gasoline & oil	47,000	41,405
Operating supplies	6,350	20,118
Uniforms	10,878	8,539
Drug seizure	1,000	3,709
Police commission	3,300	303
<u>Total Public Safety Department</u>	<u>1,427,816</u>	<u>1,461,023</u>
Public Works Department:		
Salaries	207,955	223,789
Overtime	6,350	14,667
Pension	26,218	25,068
Medicare	15,908	17,986
Health insurance	16,656	15,336
Vehicle maintenance	9,000	12,421
Equipment maintenance	5,000	7,141
Street maintenance	284,500	90,586
Snow removal	49,500	44,436
Insurance	41,433	45,166
Communications	2,580	3,079
Street lighting	66,376	69,814
Equipment rental	1,000	-
Training	100	58
Contracted services	674	1,231
Gasoline and oil	26,500	24,748
Operating supplies	1,500	1,666
Uniforms	3,800	2,517
Miscellaneous	500	126
<u>Total Public Works Department</u>	<u>765,550</u>	<u>599,835</u>

VILLAGE OF JOHNSBURG
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2015

	2015	
	Original and Final Budget	Actual
Parks and Building Department:		
Salaries	\$ 6,100	\$ 5,917
Medicare	466	444
Village hall maintenance	11,405	17,145
Public safety building maintenance	2,200	2,776
Public works maintenance	1,400	5,611
Parks and grounds maintenance	24,180	21,949
Utilities	1,800	2,318
Taxes	250	-
Park supplies	525	152
Building supplies	1,000	1,819
Friends of the Park	500	-
Johnsburg Community Park	2,500	-
<u>Total Parks and Building Department</u>	<u>52,326</u>	<u>58,131</u>
Sanitation:		
Supplies	378,869	377,394
<u>Total Sanitation</u>	<u>378,869</u>	<u>377,394</u>
Capital Outlay:		
Public safety	83,346	58,164
Public works	128,000	287,382
Administration	3,502	-
Parks and buildings	104,770	42,703
<u>Total Capital Outlay</u>	<u>319,618</u>	<u>388,249</u>
Debt Service:		
Principal	359,044	37,076
Interest	-	111
<u>Total Debt Service</u>	<u>359,044</u>	<u>37,187</u>
<u>Total Expenditures</u>	<u>4,282,816</u>	<u>3,901,550</u>

VILLAGE OF JOHNSBURG
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2015

	2015	
	Original and Final Budget	Actual
<u>Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed</u>	\$ (191,305)	\$ 332,892
<u>Other Financing Sources (Uses):</u>		
Sale of fixed assets	-	18,000
Transfers out	(84,555)	(187,618)
<u> Total Other Financing (Uses)</u>	(84,555)	(169,618)
<u>Net Change in Fund Balance</u>	\$ (275,860)	163,274
<u>Fund Balance - May 1, 2014</u>		3,901,846
<u>Fund Balance - April 30, 2015</u>		\$ 4,065,120

VILLAGE OF JOHNSBURG
SPECIAL SERVICE AREA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2015

	2015	
	Original and Final Budget	Actual
<u>Revenues:</u>		
Property taxes	\$ 26,390	85,203
Interest	-	14
	<u>26,390</u>	<u>85,217</u>
<u>Total Revenues</u>	<u>26,390</u>	<u>85,217</u>
<u>Expenditures:</u>		
Current:		
Maintenance	12,500	5,425
Debt Service:		
Principal	20,247	47,000
Interest	-	42,187
Other	-	5,397
	<u>32,747</u>	<u>100,009</u>
<u>Total Expenditures</u>	<u>32,747</u>	<u>100,009</u>
<u>Net Change in Fund Balance</u>	<u>\$ (6,357)</u>	<u>(14,792)</u>
<u>Fund Balance - May 1, 2014</u>		<u>322,533</u>
<u>Fund Balance - April 30, 2015</u>		<u>\$ 307,741</u>

VILLAGE OF JOHNSBURG
 MOTOR FUEL TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED APRIL 30, 2015

	2015	
	Original and Final Budget	Actual
<u>Revenues:</u>		
Motor fuel tax allotment	\$ 160,989	\$ 191,581
Interest	250	413
<u> Total Revenues</u>	<u>161,239</u>	<u>191,994</u>
<u>Expenditures:</u>		
Current:		
Roads	161,239	-
<u> Total Expenditures</u>	<u>161,239</u>	<u>-</u>
<u>Net Change in Fund Balance</u>	<u>\$ -</u>	191,994
<u>Fund Balance - May 1, 2014</u>		<u>112,204</u>
<u>Fund Balance - April 30, 2015</u>		<u>\$ 304,198</u>

VILLAGE OF JOHNSBURG
 LAND AND BUILDING FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL
 FOR THE YEAR ENDED APRIL 30, 2015

	2015	
	Original and Final Budget	Actual
<u>Revenues:</u>		
Property taxes	\$ 9,943	\$ 9,913
<u>Total Revenues</u>	<u>9,943</u>	<u>9,913</u>
<u>Expenditures:</u>		
Debt Service:		
Principal	39,355	116,468
Interest	-	139
<u>Total Debt Service</u>	<u>39,355</u>	<u>116,607</u>
<u>Total Expenditures</u>	<u>39,355</u>	<u>116,607</u>
<u>(Deficiency) of Revenues Received</u> <u>(Under) Expenditures Disbursed</u>	<u>(29,412)</u>	<u>(106,694)</u>
<u>Other Financing Sources:</u>		
Transfers in	29,000	111,400
<u>Total Other Financing Sources</u>	<u>29,000</u>	<u>111,400</u>
<u>Net Change in Fund Balance</u>	<u>\$ (412)</u>	4,706
<u>Fund Balance - May 1, 2014</u>		<u>2,515</u>
<u>Fund Balance - April 30, 2015</u>		<u>\$ 7,221</u>

VILLAGE OF JOHNSBURG
WATERWORKS AND SEWERAGE FUND
SCHEDULE OF OPERATING EXPENSES
BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2015

	2015	
	<u>Original and Final Budget</u>	<u>Actual</u>
<u>Operating Expenses:</u>		
Salaries	\$ 24,600	\$ 24,668
Medicare	1,880	1,882
Maintenance utility	17,800	25,739
Workers compensation Insurance	3,454	3,093
Utilities	18,000	18,736
Postage	1,100	1,100
Construction engineering	5,000	8,239
Legal	-	36
Audit	1,000	-
Maintenance	114,701	57,518
Testing	17,000	19,669
Supplies	4,500	3,310
Miscellaneous	10,100	11,020
Equipment purchases	17,728	-
Depreciation	-	386,538
<u>Total Operating Expenses</u>	<u>\$ 236,863</u>	<u>\$ 561,548</u>

VILLAGE OF JOHNSBURG
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2015

NOTE 1 – LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgeted amounts for governmental and proprietary funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

For each fund, total fund expenditures may not legally exceed the budgeted amounts. The Budget was approved by the Board of Trustees on June 24, 2014.

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

- (1) Within or before the first quarter of each fiscal year, the Board of Trustees shall adopt a combined annual budget and appropriation ordinance.
- (2) The budget document is available for public inspection for at least thirty days prior to the Board of Trustees passage of the annual appropriation ordinance. The Board of Trustees is also required to hold at least one public hearing on the budget.
- (3) Subsequent to the enactment of the annual appropriation ordinance the Board of Trustees has the authority to make necessary adjustments to the budget. There were no budget adjustments made during the year. By ordinance, the unexpended balance of any items may be expended in making up any deficiency.
- (4) The level of control (level at which expenditures may not exceed appropriations) is the fund. Appropriations lapse at year-end.

NOTE 2 – EXCESS OF EXPENDITURES OVER BUDGET

During the fiscal year ended April 30, 2015, the Special Service Area Fund has actual expenditures in excess of the budgeted expenditures in the amount of \$67,262. Activity for SSA #27 and SSA #28 was excluded from the budget. The Land and Building Fund had actual expenditures in excess of the budgeted expenditures in the amount of \$77,252 due to advanced payments of debt certificates.

Additionally, the operating expenses for the Waterworks and Sewerage Fund (Proprietary Fund) over expended the budget by \$324,685. This amount is attributable to depreciation expense of \$386,538, which is not budgeted by the Village.