

**VILLAGE OF WAUCONDA, ILLINOIS**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
APRIL 30, 2013**

**VILLAGE OF WAUCONDA, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**APRIL 30, 2013**

Prepared by:  
Finance Department

**VILLAGE OF WAUCONDA, ILLINOIS**

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## **INTRODUCTORY SECTION**

This section includes miscellaneous data regarding the Village of Wauconda, including:

- List of Principal Officials
- Organizational Chart
- Transmittal Letter
- Certificate of Achievement for Excellence in Financial Reporting

**VILLAGE OF WAUCONDA, ILLINOIS**

**List of Principal Officials  
April 30, 2013**

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**VILLAGE OF WAUCONDA**

**LEGISLATIVE**

Mark F. Knigge, Mayor

Village Board of Trustees

Doug Buster

Ken Arnswald

Lincoln Knight

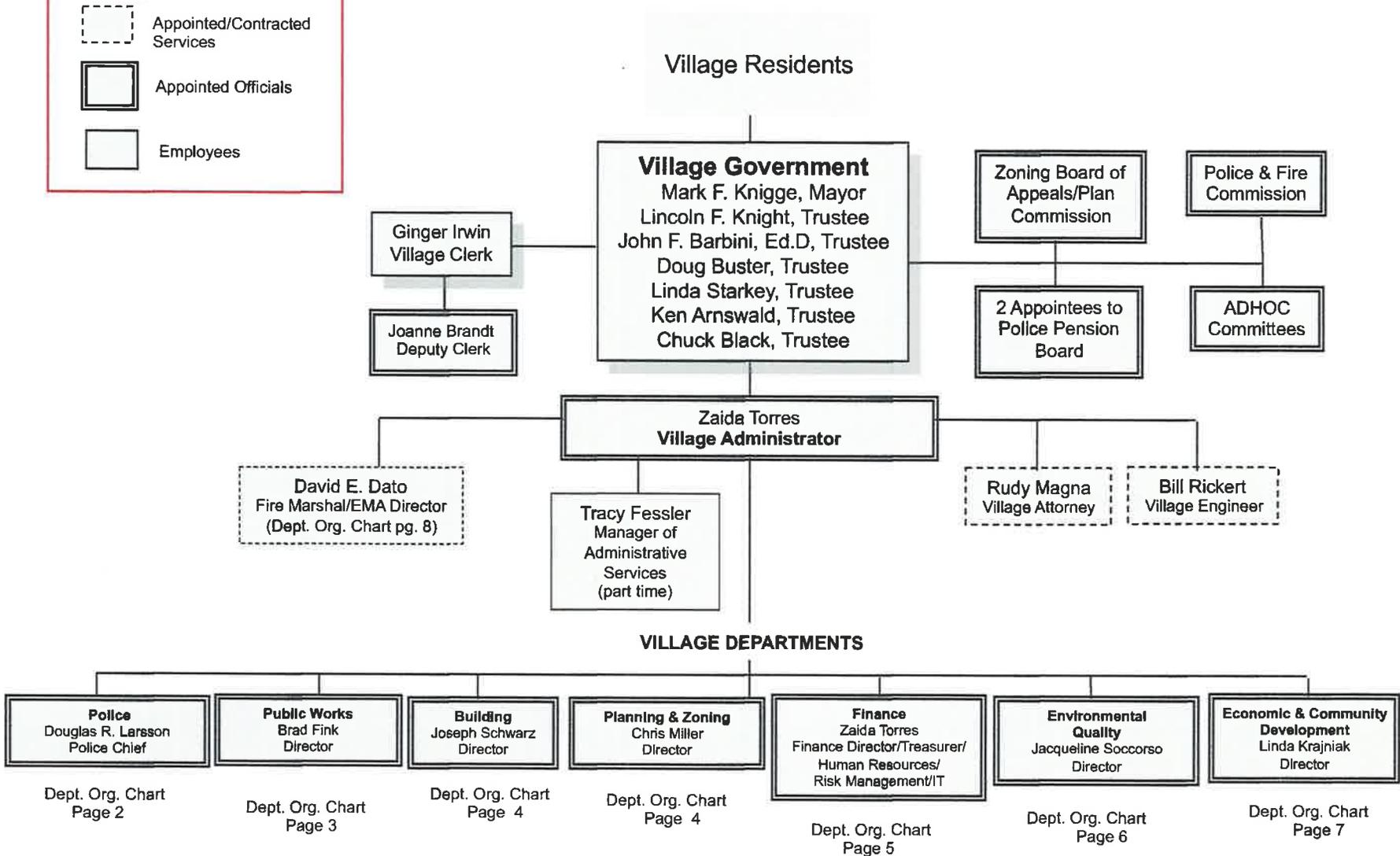
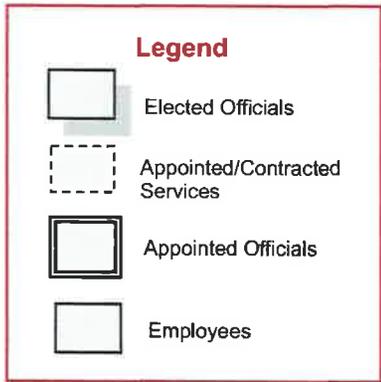
Chuck Black

Linda Starkey

John Barbini

Ginger Irwin, Village Clerk

# VILLAGE OF WAUCONDA MANAGEMENT CHART 2013





September 30, 2013

The Honorable Mayor  
Village Board of Trustees and  
Residents of the Village of Wauconda

The Comprehensive Annual Financial Report (CAFR) of the Village of Wauconda for the fiscal year ended April 30, 2013 is hereby submitted. The purpose of the report is to provide the Mayor, Trustees, citizens, bond holders and other interested parties with useful information concerning the Village's operations and financial position. It has been prepared in accordance with standards prescribed by the Governmental Accounting Standards Board (GASB).

The CAFR is management's annual report to its taxpayers, governing body, investors and creditors. The responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of various funds and component units of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village of Wauconda's financial activities have been included.

Lauterbach & Amen, LLP, Certified Public Accountants have issued an unqualified (clean) opinion on the Village of Wauconda's financial statements for fiscal year ended April 30, 2013. The independent auditor's report is presented at the front of the financial section of this report.

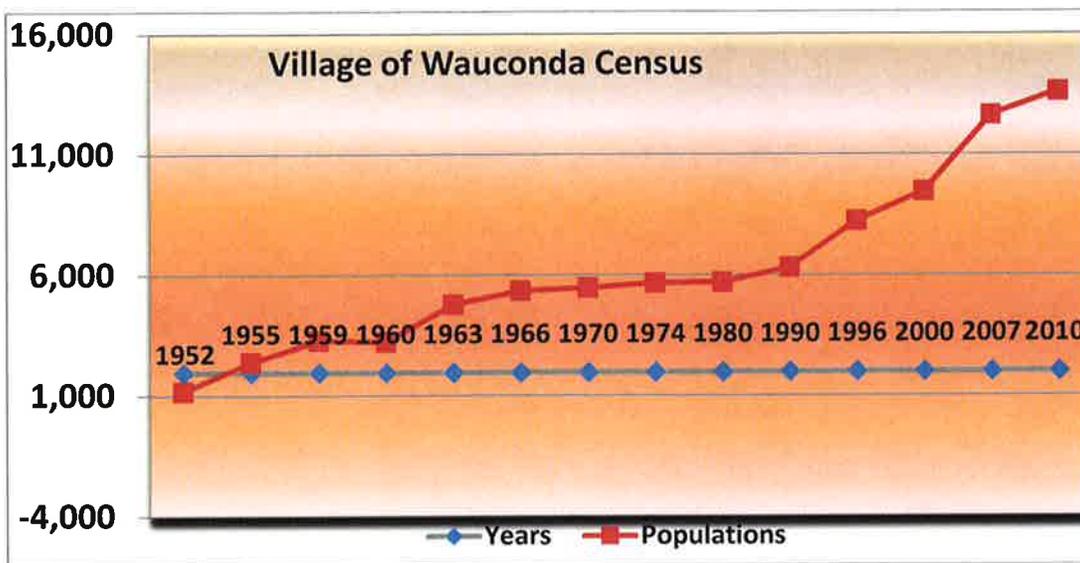
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statement.

### **Profile of the Village of Wauconda**

Wauconda is located in the southeastern part of Wauconda Township on the banks of a beautiful little lake known as Bangs Lake, named in honor of Justus and Mark Bangs, the first settlers of the place. The town of Wauconda was organized in the year of 1849, by a vote of the people of the County to divide said County into towns. There were 1,695 votes cast and all except three were in favor of the division.

The population of the Village grew from 9,448 in the 2000 census to 13,603 in 2010. The Village is a non-home rule community since its population is less than 25,000. In Illinois, a non-home rule municipality can only exercise the powers specifically granted to it by state law. Since 1991, non-home rule governments in DuPage, Lake, McHenry, and Will Counties or non-home rule governments having a majority of their equalized assessed value in Cook County have been subject to the Property Tax Extension Limitation Law, referred to as the "Tax Cap". The Equalized Assessed Valuation (EAV) of property is the assessed value multiplied by the state equalization factor. This gives the value of the property upon which the tax rate is calculated after deducting homestead exemptions, if applicable.

Village of Wauconda Census			
Years	Populations	Years	Populations
1952	1,173	1974	5,662
1955	2,373	1980	5,688
1959	3,275	1990	6,294
1960	3,227	1996	8,229
1963	4,775	2000	9,448
1966	5,343	2007	12,614
1970	5,460	2010	13,603



The Village operates under the Board/Administrator form of government. The Village Board is made up of the Mayor and a six member Board of Trustees. The entire Board is responsible for policy making and is entrusted with legislative authority. The Village Administrator is responsible for carrying out the policies and ordinances approved by the Village Board, along with overseeing the day-to-day operations of the Village. Additionally, since the Village of Wauconda is a non-home rule community and it operates under the Appropriation Act. The Village Board is required to adopt a budget for each fiscal year. This annual budget serves as the foundation for the Village of Wauconda.

### Local Economy

The Village of Wauconda has been diligent in taking measures to address the challenges that this uncertain and volatile economy has to offer. This volatility affects the Village in many areas such as real estate and new business opportunities. The Village continues to experience a high rate of foreclosures along with less consumer and business spending. Even so, the Village has been able to maintain the same level of service to the community.

The General Fund had a very successful year. Fund Balance increased from \$3,242,210 to \$3,911,616 which is above the Village Board's stated policy level of one month of expenditures. The Village collected \$1,717,173 in Sales Tax revenue for fiscal year ended April 30, 2013. This represents a 2% increase from the prior fiscal year. State Income Tax revenue showed major resiliency by increasing 11.7% to \$1,287,081. Most other major sources of revenues were consistent with the prior fiscal year. These positive revenue trends are tempered, however, due to ongoing financial constraints that impact all non-home rule communities. Increasing pension, health insurance and liability insurance costs will also weigh heavily on the future years' budgets. In addition, the list of capital improvement projects continues to grow larger and will need to be addressed sooner rather than later.

The Water & Sewer Fund had some good and bad news during fiscal year 2013. The good news took place in November, 2012 when Wauconda residents voted in favor of making Lake Michigan water the community's primary source of drinking water, switching away from the current ground water wells. Approximately \$41 in bonds have been authorized to be issued to finance this project. Construction is expected to take several years and the Village Board is currently reviewing various water supply options. The bad news for the Water & Sewer Fund is reflected in the income statement that reflects an operating loss of \$1,314,470 for fiscal year 2013. A rate analysis will be conducted in the very near future.

## **Major Initiatives**

### ***Lake Michigan Water Allocation***

At the February 19, 2013 Village Board meeting, the Board approved the issuance of \$9.5 million dollars in GO bonds to cover the first phase of the Lake Michigan Water project. The Village achieved an interest rate of 2% which holds until 2018. The interest rate will then go to 2.5% through 2024; 2.75% through 2029; 2.85% through 2030; and finally 3% through 2031 and 2032. The blended rate averages approximately 2.7%.

This funding will cover preliminary expenses, such as connection fees to be paid to the water supplier, the creation of a routing study with detailed design engineering plans and the development of inter-governmental agreements with other agencies involved in the project. Once work on the preliminary phase nears completion, the Board will begin the process of issuing additional bonds on an 'as needed' basis to work on future phases, which will include construction. As expected, the construction project itself will be open to public bidding. By beginning the project in the current economic climate, it is anticipated that the Village will receive favorable bids that will result in additional cost savings.

### ***2012 Leak Detection Survey Report***

The Village received a comprehensive final report on the leak detection survey conducted in the fall by Associated Technical Services (ATS). During the survey over 4000 monitoring points were assessed over a 10 week period. In all, the crews discovered and pinpointed six (6) leaks in the water system. Two (2) were discovered on main lines and four (4) were found at fire hydrants. All were either stopped in the field by ATS or reported to and scheduled for repair by the Water Division. All of the repairs have been completed. The Village continues to schedule annual leak detection surveys to help conserve this precious resource and to prepare to receive Lake Michigan Water.

**2012 MFT Street Improvement Program**

As part of the Village’s pavement preservation efforts Public Works selected a number streets to be included in the 2012 MFT Street Improvement Program. Based on the assessment by Village staff, streets that exhibit certain signs of pavement failure, damage or deterioration are targeted for maintenance, patching and resurfacing. This year’s program included Crestview Drive, Wethington Drive, Brett Circle, Callahan Road, and the Police station parking lot. Funding for this project consisted of \$451,031 from MFT, \$67,369 from CDBG Grant funding, \$38,639 from Letter of Credit, and \$54,779 from Illinois Jobs Now program.

**Year 10 Nation Pollutant Discharge Elimination System (NPDES)**

Polluted storm water runoff is commonly transported through Municipal Storm Sewer Systems, from which it is often discharged untreated into local water bodies. To prevent harmful pollutants from being washed or dumped into a storm sewer, The Village must obtain a NPDES permit and develop a storm water management program. An NPDES annual report is required to be submitted to the Illinois Environmental Protection Agency (IEPA) to show the Village’s cooperation. The following initiatives make up the report:

- Apply for NPDES permit coverage
- Develop a storm water management program which includes the six minimum control measures
- Implement the storm water management program using appropriate storm water management controls, or best management practices (BMPs)
- Develop measurable goals for the program
- Evaluate the effectiveness of the program.

The Village of Wauconda’s Year 10 NPDES report has been completed and accepted by the IEPA.

**Awards and Acknowledgements**

In order to be awarded a Certificate of Achievement through the Government Finance Officers Association, the Village must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for a period of one year. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for the certificate. The preparation of this comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire Village staff and particularly the staff of the Finance Department. Each staff member has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the Village, preparation of this report would not have been possible.

Sincerely,



Brad Fink,  
Interim Village Administrator and Public Works Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Village of Wauconda  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**April 30, 2012**

Executive Director/CEO

## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Village's independent auditing firm.

**INDEPENDENT AUDITORS' REPORT**

September 30, 2013

The Honorable Village Mayor  
Members of the Board of Trustees  
Village of Wauconda, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wauconda, Illinois, as of and for the year ended April 30, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wauconda, Illinois, as of April 30, 2013, 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.

*Other Matters*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Wauconda, Illinois', financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



LAUTERBACH & AMEN, LLP

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

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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Our discussion and analysis of the Village of Wauconda's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2013. Please read it in conjunction with the transmittal letter, which begins on page iii and the Village's financial statements, which begin on page 3.

### FINANCIAL HIGHLIGHTS

- The Village's net position decreased as a result of this year's operations. Net position of the governmental activities increased by \$427,807, or 1.2 percent and net position of business-type activities decreased by \$1,347,544, or 3.0 percent.
- During the year, government-wide revenues for the primary government totaled \$14,118,028, while expenses totaled \$15,037,768, resulting in a decrease to net position of \$919,740.
- The Village's net position totaled \$79,352,910 on April 30, 2013, which includes \$73,024,324 net investment in capital assets, \$963,008 subject to external restrictions, and \$5,365,578 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus in the current year of \$669,406, resulting in an ending fund balance of \$3,911,616, an increase of 17.0 percent, as monies have been set aside for future capital projects.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 6) provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

### Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 6 of this report.

The Statement of Net Position reports information on all of the Village's assets/deferred outflows and liabilities/deferred inflows, 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. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's infrastructure, is needed to assess the overall health of the Village.

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### USING THIS ANNUAL REPORT – Continued

#### Government-Wide Financial Statements – Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, and public works. The business-type activities of the Village include waterworks and sewerage operations.

#### Fund Financial Statements

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

#### Governmental Funds

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

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

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Motor Fuel Tax Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered major funds.

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### USING THIS ANNUAL REPORT – Continued

#### Fund Financial Statements – Continued

##### Governmental Funds – Continued

The Village adopts an annual appropriated budget for all of the governmental funds, except the Capital Projects Fund. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 7-12 of this report.

##### Proprietary Funds

The Village maintains one proprietary fund type: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes enterprise funds to account for its waterworks and sewerage operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks and Sewerage Fund, which is considered to be a major fund of the Village. The basic proprietary fund financial statements can be found on pages 13 - 16 of this report.

##### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 17 - 18 of this report.

##### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 58 of this report.

##### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's I.M.R.F., police and other postemployment employee pension obligations. Required supplementary information can be found on pages 59 - 63 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Individual fund budgetary comparison schedules can be found on pages 64 - 74 of this report.

## VILLAGE OF WAUCONDA, ILLINOIS

### Management's Discussion and Analysis April 30, 2013

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets exceeded liabilities by \$79,352,910.

	Governmental		Net Position		Total	
	Activities		Business-type			
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 9,915,673	10,348,695	12,818,838	4,245,849	22,734,511	14,594,544
Capital Assets	40,230,574	40,602,010	52,178,363	52,759,868	92,408,937	93,361,878
Total Assets	50,146,247	50,950,705	64,997,201	57,005,717	115,143,448	107,956,422
Long-Term Debt	8,567,606	9,040,937	19,294,964	10,564,645	27,862,570	19,605,582
Other Liabilities/Deferred Inflows	5,829,691	6,588,622	2,098,277	1,489,568	7,927,968	8,078,190
Total Liabilities	14,397,297	15,629,559	21,393,241	12,054,213	35,790,538	27,683,772
Net Position						
Net Investment in Capital Assets	31,610,586	31,509,783	41,413,738	41,675,941	73,024,324	73,185,724
Restricted	963,008	1,344,310	-	-	963,008	1,344,310
Unrestricted	3,175,356	2,467,053	2,190,222	3,275,563	5,365,578	5,742,616
Total Net Position	35,748,950	35,321,146	43,603,960	44,951,504	79,352,910	80,272,650

A large portion of the Village's net position, \$73,024,324 or 92.0 percent, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$963,008 or 1.2 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used, including restrictions for special levies, motor fuel tax funds and unspent bond proceeds restricted for future capital projects. The remaining 6.8 percent, or \$5,365,578, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,114,543	1,086,085	4,174,163	4,092,948	5,288,706	5,179,033
Operating Grants/Contrib.	480,106	435,360	96,550	-	576,656	435,360
Capital Grants/Contrib.	-	-	-	-	-	-
General Revenues						
Property Taxes	3,991,032	3,986,680	-	-	3,991,032	3,986,680
Sales Taxes	1,717,173	1,683,761	-	-	1,717,173	1,683,761
Income Taxes	1,287,081	1,152,528	-	-	1,287,081	1,152,528
Replacement Taxes	34,576	32,313	-	-	34,576	32,313
Road and Bridge Taxes	43,404	30,652	-	-	43,404	30,652
Utility Taxes	554,418	646,730	-	-	554,418	646,730
Other General Revenues	327,295	437,275	297,687	276,139	624,982	713,414
Total Revenues	9,549,628	9,491,384	4,568,400	4,369,087	14,118,028	13,860,471
<b>Expenses</b>						
General Government	1,460,969	1,292,508	-	-	1,460,969	1,292,508
Public Safety	5,478,483	5,485,258	-	-	5,478,483	5,485,258
Public Works	1,838,839	1,799,849	-	-	1,838,839	1,799,849
Interest on Long-Term Debt	385,206	348,042	-	-	385,206	348,042
Waterworks and Sewerage	-	-	5,874,271	5,866,011	5,874,271	5,866,011
Total Expenses	9,163,497	8,925,657	5,874,271	5,866,011	15,037,768	14,791,668
Change in Net Position Before Transfers	386,131	565,727	(1,305,871)	(1,496,924)	(919,740)	(931,197)
Transfers	41,673	-	(41,673)	-	-	-
Change in Net Position	427,804	565,727	(1,347,544)	(1,496,924)	(919,740)	(931,197)
Net Position-Beginning	35,321,146	34,755,419	44,951,504	46,448,428	80,272,650	81,203,847
Net Position-Ending	35,748,950	35,321,146	43,603,960	44,951,504	79,352,910	80,272,650

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

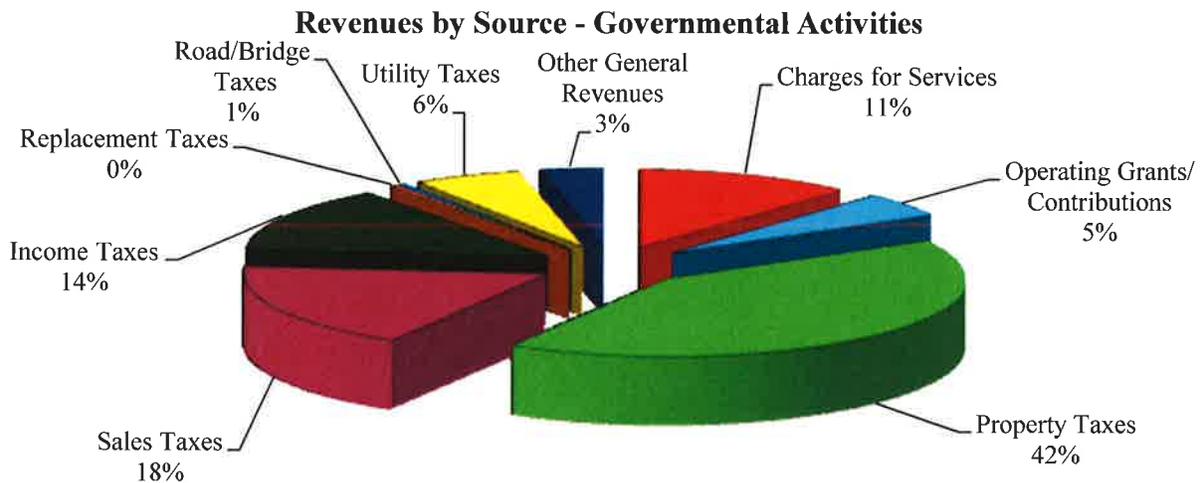
### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Total net position of the Village decreased by 1.1 percent (\$80,272,650 in 2012 compared to \$79,352,910 in 2013). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$5,365,578 at April 30, 2013.

#### Governmental Activities

Revenues for governmental activities totaled \$9,549,628, an increase of \$58,244, while the cost of all governmental functions totaled \$9,163,497, an increase of \$237,840. This results in a surplus of \$386,131 before transfers from the Waterworks and Sewerage Fund of \$41,673. The Village experienced large increases in income tax revenues of \$134,553 and in general government expenses of \$168,461.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes, utility taxes and sales taxes to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from replacement taxes and road and bridge taxes.



Expenses increased \$237,840 for the year. While expenses for public safety decreased, the general government expenses increased by \$168,461 or 13% and interest on long-term debt increased by \$37,164 or 10.7%.

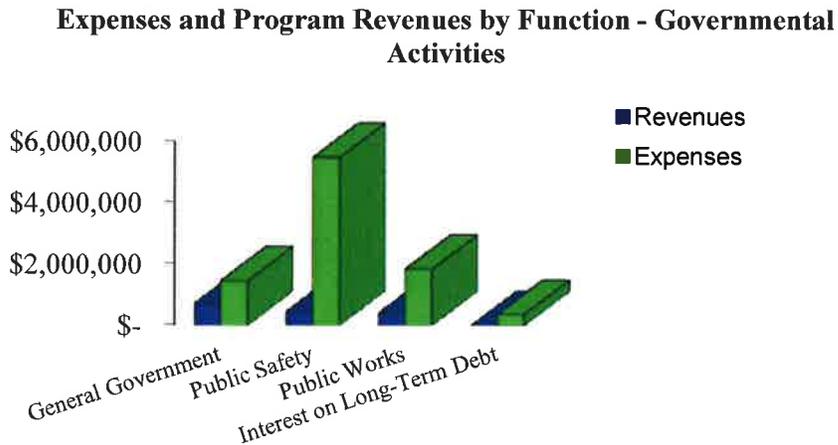
# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

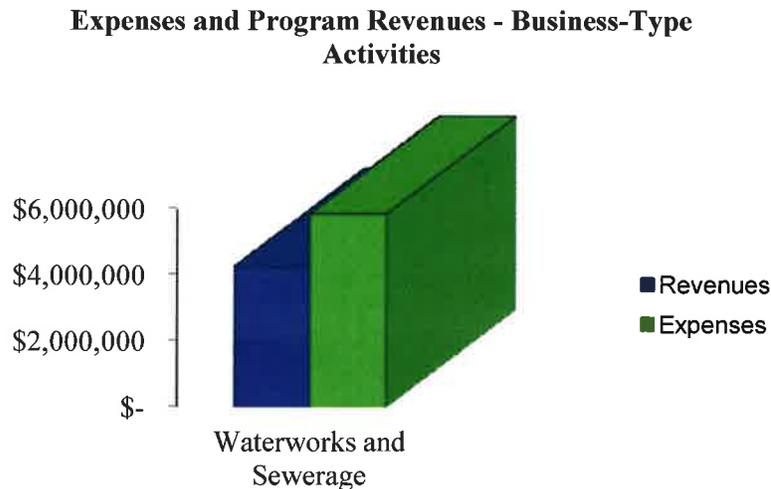
#### Governmental Activities – Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.



#### Business-Type activities

Business-Type activities reported total revenues of \$4,568,400, while the cost of all business-type activities totaled \$5,874,271. This results in a deficit of \$1,305,871 before transfers out to the General Fund of \$41,673. In the current year the Village implemented a 4 percent increase in utility rates charged to users. Additional analysis will be needed to reverse the deficit trend.



The above graph compares program revenues to expenses for waterworks and sewerage operations.

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### Governmental Funds

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

The Village's governmental funds reported combining ending fund balances of \$4,857,460, which is \$390,469, or 8.7 percent, higher than last year's total of \$4,466,991. Of the \$4,857,460 total, \$3,518,855, or approximately 72.4 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a surplus for the year of \$669,406, an increase of 20.6 percent. This increase was a result of less capital outlay expenditures.

The General Fund is the chief operating fund of the Village. At April 30, 2013, the unassigned fund balance in the General Fund was \$3,518,855, which represents 90.0 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 41.4 percent of total General Fund expenditures.

The Motor Fuel Tax Fund reported a deficit of \$286,033 in the current year due to a larger transfer to the General Fund in comparison to prior years resulting in ending fund balance of \$841,717.

The Debt Service Fund reported an increase in fund balance of \$7,096 as a result of an increase in collected revenue. The Debt Service fund balance of \$29,256 will be used to finance future debt service payments.

The Capital Projects Fund did not report a change in fund balance. The Capital Projects fund balance of \$74,871 will be used to finance future capital projects and equipment purchases.

#### Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Waterworks and Sewerage Fund as a major proprietary fund. The Waterworks and Sewerage Fund accounts for all of the operations of the municipal water and sewer system. The spread between purchase and sale rates for water and sewer services is intended to finance the operations of the waterworks and sewerage system, including labor costs, supplies, and infrastructure maintenance.

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2013

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

#### Proprietary Funds – Continued

The Village intends to run the fund at a breakeven rate. The deficit in the Waterworks and Sewerage Fund during the current fiscal year was \$1,347,544. This is the second straight year of deficit operations and is a trend that needs to be addressed soon.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Village Board made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$8,573,719, compared to budgeted revenues of \$8,077,968. The Village budgeted conservatively for intergovernmental revenues, but actual revenues of \$3,714,224 were \$292,984 over budget due to an increase in income tax and sales tax revenues during the year.

The General Fund actual expenditures for the year were \$11,235,638 lower than budgeted (\$8,504,362 actual compared to \$19,740,000 budgeted). All functions of the General Fund (general government, public safety, public works, and debt service) had expenditures under budget for the year as the Board and the departments worked very hard during the year to control costs and operate under ultra conservative revenue projections.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2013 was \$92,408,937 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, machinery and equipment, and infrastructure improvements.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 19,273,009	19,273,009	-	-	19,273,009	19,273,009
Construction in Progress	5,889,205	5,346,694	9,145,967	8,280,223	15,035,172	13,626,917
Land Improvements	177,957	201,209	79,579	85,068	257,536	286,277
Buildings	1,547,827	1,608,022	23,814,068	24,441,638	25,361,895	26,049,660
Machinery and Equipment	1,084,879	1,197,107	2,251,435	2,573,034	3,336,314	3,770,141
Infrastructure	12,257,697	12,975,969	16,887,314	17,379,905	29,145,011	30,355,874
Total	40,230,574	40,602,010	52,178,363	52,759,868	92,408,937	93,361,878

**VILLAGE OF WAUCONDA, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2013**

**CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued**

**Capital Assets – Continued**

This year's major additions included:

Governmental Activities		Busines-Type Activities	
Construction in Progress	\$ 542,511	Construction in Progress	\$ 865,744
Machinery and Equipment	<u>117,031</u>	Machinery and Equipment	<u>21,710</u>
	<u>659,542</u>		<u>887,454</u>

Additional information on the Village's capital assets can be found in note 3 on pages 34 - 35 of this report.

**Debt Administration**

At year-end, the Village had total outstanding debt of \$28,884,913 as compared to \$20,194,993 the previous year. The increase was due to a \$9.5 million Lake Michigan Water general obligation debt issuance during the year coupled with the Village making the required payments on outstanding debt. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Alternate Revenue Bonds	\$ 1,965,000	2,065,000	5,930,000	6,125,000	7,895,000	8,190,000
General Obligation Bonds	5,940,000	6,250,000	9,500,000	-	15,440,000	6,250,000
IEPA Loan	-	-	4,245,470	4,229,650	4,245,470	4,229,650
Installment Contracts	714,988	777,227	589,155	748,116	1,304,143	1,525,343
<b>Total</b>	<u>8,619,988</u>	<u>9,092,227</u>	<u>20,264,625</u>	<u>11,102,766</u>	<u>28,884,613</u>	<u>20,194,993</u>

The Village maintains an Aa2 rating from Moody's for general obligation debt. State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt limit for the Village is \$31,442,765.

Additional information on the Village's long-term debt can be found in Note 3 on pages 37 - 45 of this report.

# **VILLAGE OF WAUCONDA, ILLINOIS**

## **Management's Discussion and Analysis April 30, 2013**

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2014 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. Every year a four year budget is compiled allowing the Village Board to plan accordingly. The budget process involves making conservative revenue projections and taking into consideration all uncontrollable costs and contractual agreements. Furthermore, unemployment rates and the CPI index were both considered in setting the budget for fiscal year 2014.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Finance Director, 101 North Main Street, Wauconda, Illinois 60084.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
  - Governmental Funds
  - Proprietary Fund
  - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Statement of Net Position  
April 30, 2013**

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**See Following Page**

**VILLAGE OF WAUCONDA, ILLINOIS**

**Statement of Net Position  
April 30, 2013**

	Governmental Activities	Business- Type Activities	Totals
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 4,224,420	\$ 11,837,876	\$ 16,062,296
Receivables - Net of Allowances			
Property Taxes	4,040,624	607,676	4,648,300
Other Taxes	979,748	-	979,748
Accounts	122,616	303,836	426,452
Internal Balances	50,000	(50,000)	-
Prepays/Inventories	271,470	119,450	390,920
Restricted Cash and Investments	226,795	-	226,795
<b>Total Current Assets</b>	<u>9,915,673</u>	<u>12,818,838</u>	<u>22,734,511</u>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Nondepreciable	25,162,214	9,145,967	34,308,181
Depreciable	30,679,681	62,084,268	92,763,949
Accumulated Depreciation	<u>(15,611,321)</u>	<u>(19,051,872)</u>	<u>(34,663,193)</u>
<b>Total Noncurrent Assets</b>	<u>40,230,574</u>	<u>52,178,363</u>	<u>92,408,937</u>
<b>Total Assets</b>	<u>50,146,247</u>	<u>64,997,201</u>	<u>115,143,448</u>

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

	Governmental Activities	Business- Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 400,770	\$ 192,094	\$ 592,864
Accrued Payroll	175,436	68,263	243,699
Accrued Interest Payable	127,844	188,764	316,608
Deposits Payable	441,383	7,168	448,551
Current Portion of Long-Term Debt	643,634	1,034,311	1,677,945
Total Current Liabilities	<u>1,789,067</u>	<u>1,490,600</u>	<u>3,279,667</u>
Noncurrent Liabilities			
Compensated Absences Payable	252,975	51,720	304,695
Net Pension Obligation Payable	250,621	-	250,621
Net Other Post-Employment Benefit Payable	24,412	-	24,412
Installment Contracts Payable	579,598	424,402	1,004,000
General Obligation Bonds Payable	5,600,000	9,100,000	14,700,000
Alternate Revenue Bonds Payable	1,860,000	5,725,000	7,585,000
IPEA Loans Payable	-	3,993,842	3,993,842
Total Noncurrent Liabilities	<u>8,567,606</u>	<u>19,294,964</u>	<u>27,862,570</u>
Total Liabilities	<u>10,356,673</u>	<u>20,785,564</u>	<u>31,142,237</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	4,040,624	607,677	4,648,301
Total Liabilities and Deferred Inflows of Resources	<u>14,397,297</u>	<u>21,393,241</u>	<u>35,790,538</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	31,610,586	41,413,738	73,024,324
Restricted - Audit	38,787	-	38,787
Restricted - Liability Insurance	82,504	-	82,504
Restricted - Motor Fuel Taxes	841,717	-	841,717
Unrestricted	3,175,356	2,190,222	5,365,578
Total Net Position	<u>\$ 35,748,950</u>	<u>\$ 43,603,960</u>	<u>\$ 79,352,910</u>

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

VILLAGE OF WAUCONDA, ILLINOIS

Statement of Activities  
Year Ended April 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
<b>Governmental Activities</b>				
General Government	\$ 1,460,969	\$ 720,774	\$ -	\$ -
Public Safety	5,478,483	393,769	75,107	-
Public Works	1,838,839	-	404,999	-
Interest on Long-Term Debt	385,206	-	-	-
<b>Total Governmental Activities</b>	<b>9,163,497</b>	<b>1,114,543</b>	<b>480,106</b>	<b>-</b>
<b>Business-Type Activities</b>				
Waterworks and Sewerage	5,874,271	4,174,163	96,550	-
<b>Total Primary Government</b>	<b>\$ 15,037,768</b>	<b>\$ 5,288,706</b>	<b>\$ 576,656</b>	<b>\$ -</b>

General Revenues

Taxes

    Property Taxes

    Intergovernmental - Unrestricted

    Sales Tax

    Income Tax

    Replacement Tax

    Road and Bridge Tax

    Utility Tax

    Video Game Tax

    Interest Income

    Miscellaneous

    Transfers - Internal Activity

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net Expense/Revenue		
Governmental Activities	Business Type Activities	Totals
\$ (740,195)	\$ -	\$ (740,195)
(5,009,607)	-	(5,009,607)
(1,433,840)	-	(1,433,840)
(385,206)	-	(385,206)
(7,568,848)	-	(7,568,848)
-	(1,603,558)	(1,603,558)
(7,568,848)	(1,603,558)	(9,172,406)
3,991,032	-	3,991,032
1,717,173	-	1,717,173
1,287,081	-	1,287,081
34,576	-	34,576
43,404	-	43,404
554,418	-	554,418
2,465	-	2,465
3,767	2,808	6,575
321,063	294,879	615,942
41,673	(41,673)	-
7,996,652	256,014	8,252,666
427,804	(1,347,544)	(919,740)
35,321,146	44,951,504	80,272,650
\$ 35,748,950	\$ 43,603,960	\$ 79,352,910

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

VILLAGE OF WAUCONDA, ILLINOIS

Balance Sheet - Governmental Funds  
April 30, 2013

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	<u>General</u>
<b>ASSETS</b>	
Cash and Investments	\$ 3,300,564
Receivables - Net of Allowances	
Property Taxes	3,433,152
Other Taxes	956,354
Accounts	122,616
Due from Other Funds	50,000
Prepays	241,470
Inventory	30,000
Restricted Cash and Investments	<u>226,795</u>
 Total Assets	 <u><u>8,360,951</u></u>
<b>LIABILITIES</b>	
Accounts Payable	399,364
Accrued Payroll	175,436
Deposits Payable	<u>441,383</u>
Total Liabilities	1,016,183
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	<u>3,433,152</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>4,449,335</u></u>
<b>FUND BALANCES</b>	
Nonspendable	271,470
Restricted	121,291
Assigned	-
Unassigned	<u>3,518,855</u>
Total Fund Balances	<u><u>3,911,616</u></u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 8,360,951</u></u>

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

Special Revenue				
Motor Fuel Tax		Debt Service	Capital Projects	Totals
\$ 819,729		\$ 29,256	\$ 74,871	\$ 4,224,420
-		607,472	-	4,040,624
23,394		-	-	979,748
-		-	-	122,616
-		-	-	50,000
-		-	-	241,470
-		-	-	30,000
-		-	-	226,795
<u>843,123</u>		<u>636,728</u>	<u>74,871</u>	<u>9,915,673</u>
1,406		-	-	400,770
-		-	-	175,436
-		-	-	441,383
<u>1,406</u>		<u>-</u>	<u>-</u>	<u>1,017,589</u>
-		607,472	-	4,040,624
<u>1,406</u>		<u>607,472</u>	<u>-</u>	<u>5,058,213</u>
-		-	-	271,470
841,717		29,256	-	992,264
-		-	74,871	74,871
-		-	-	3,518,855
<u>841,717</u>		<u>29,256</u>	<u>74,871</u>	<u>4,857,460</u>
<u>\$ 843,123</u>		<u>\$ 636,728</u>	<u>\$ 74,871</u>	<u>\$ 9,915,673</u>

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

**VILLAGE OF WAUCONDA, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to the  
Statement of Net Position - Governmental Activities**

**April 30, 2013**

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<b>Total Governmental Fund Balances</b>	<b>\$ 4,857,460</b>
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Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	40,230,574
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Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

Net Pension Obligation Payable	(250,621)
Net Other Post-Employment Benefit Obligation Payable	(24,412)
Compensated Absences Payable	(316,219)
Installment Contracts Payable	(714,988)
General Obligation Bonds Payable	(5,940,000)
Alternate Revenue Bonds Payable	(1,965,000)
Accrued Interest Payable	<u>(127,844)</u>

<b>Net Position of Governmental Activities</b>	<b><u>\$ 35,748,950</u></b>
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**VILLAGE OF WAUCONDA, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended April 30, 2013**

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**See Following Page**

VILLAGE OF WAUCONDA, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended April 30, 2013

	<u>General</u>
Revenues	
Taxes	\$ 3,397,056
Licenses and Permits	236,244
Intergovernmental	3,714,224
Charges for Services	508,605
Fines and Forfeits	393,769
Interest	2,758
Miscellaneous	321,063
Total Revenues	<u>8,573,719</u>
Expenditures	
Current	
General Government	1,297,106
Public Safety	5,339,644
Public Works	1,009,606
Capital Outlay	658,120
Debt Service	
Principal Retirement	168,333
Interest and Fiscal Charges	31,553
Total Expenditures	<u>8,504,362</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>69,357</u>
Other Financing Sources (Uses)	
Debt Issuance	106,094
Transfers In	506,082
Transfers Out	(12,127)
	<u>600,049</u>
Net Change in Fund Balances	669,406
Fund Balances - Beginning	<u>3,242,210</u>
Fund Balances - Ending	<u>\$ 3,911,616</u>

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

Special Revenue				
Motor Fuel Tax		Debt Service	Capital Projects	Totals
\$ -		\$ 593,976	\$ -	\$ 3,991,032
-		-	-	236,244
404,999		-	-	4,119,223
-		-	-	508,605
-		-	-	393,769
1,000		-	9	3,767
-		-	-	321,063
405,999		593,976	9	9,573,703
-		-	-	1,297,106
-		-	-	5,339,644
56,382		-	-	1,065,988
-		-	9	658,129
100,000		310,000	-	578,333
83,368		276,880	-	391,801
239,750		586,880	9	9,331,001
166,249		7,096	-	242,702
-		-	-	106,094
12,127		-	-	518,209
(464,409)		-	-	(476,536)
(452,282)		-	-	147,767
(286,033)		7,096	-	390,469
1,127,750		22,160	74,871	4,466,991
\$ 841,717		\$ 29,256	\$ 74,871	\$ 4,857,460

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

VILLAGE OF WAUCONDA, ILLINOIS

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

Year Ended April 30, 2013

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Net Change in Fund Balances - Total Governmental Funds \$ 390,469

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. 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	659,542
Depreciation Expense	(1,030,978)

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Additions to Net Pension Obligation Payable	(10,379)
Additions to Net Other Post-Employment Benefit Obligation Payable	(11,193)
Additions to Compensated Absences Payable	(48,491)
Issuance of Debt	(106,094)
Retirement of Debt	578,333
Reductions to Accrued Interest Payable	6,595

Changes in Net Position of Governmental Activities \$ 427,804

**VILLAGE OF WAUCONDA, ILLINOIS**

**Statement of Net Position**

**Waterworks and Sewerage - Proprietary Fund (Business-Type Activities)**

**April 30, 2013**

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**See Following Page**

VILLAGE OF WAUCONDA, ILLINOIS

Statement of Net Position  
Waterworks and Sewerage - Proprietary Fund (Business-Type Activities)  
April 30, 2013

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ASSETS

Current Assets

Cash and Investments	\$ 11,837,876
Receivables - Net of Allowances	
Taxes	607,676
Accounts - Billed	116,387
Accounts - Unbilled	187,449
Prepays	<u>119,450</u>
Total Current Assets	<u>12,868,838</u>

Noncurrent Assets

Capital Assets

Non-Depreciable	9,145,967
Depreciable	62,084,268
Accumulated Depreciation	<u>(19,051,872)</u>
Total Noncurrent Assets	<u>52,178,363</u>
Total Assets	<u>65,047,201</u>

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

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**LIABILITIES**

<b>Current Liabilities</b>	
Accounts Payable	192,094
Accrued Payroll	68,263
Accrued Interest Payable	188,764
Deposits Payable	7,168
Due to Other Funds	50,000
Current Portion of Long-Term Debt	1,034,311
Total Current Liabilities	<u>1,540,600</u>
<b>Noncurrent Liabilities</b>	
Compensated Absences Payable	51,720
Installment Contracts Payable	424,402
General Obligation Bonds Payable	9,100,000
Alternate Revenue Bonds Payable	5,725,000
IEPA Loans Payable	3,993,842
Total Noncurrent Liabilities	<u>19,294,964</u>
Total Liabilities	<u>20,835,564</u>

**DEFERRED INFLOWS OF RESOURCES**

Property Taxes	607,677
Total Liabilities and Deferred Inflows of Resources	<u>21,443,241</u>

**NET POSITION**

Net Investment in Capital Assets	41,413,738
Unrestricted	<u>2,190,222</u>
Total Net Position	<u><u>\$ 43,603,960</u></u>

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

VILLAGE OF WAUCONDA, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position  
Waterworks and Sewerage - Proprietary Fund (Business-Type Activities)  
Year Ended April 30, 2013

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Operating Revenues	
Charges for Services	<u>\$ 4,171,313</u>
Operating Expenses	
Operations	3,591,700
Capital Projects	425,124
Depreciation	<u>1,468,959</u>
Total Operating Expenses	<u>5,485,783</u>
Operating Income (Loss)	<u>(1,314,470)</u>
Nonoperating Revenues (Expenses)	
Connection Fees/Annexation/Impact Fees	2,850
Interest Income	2,808
Other Income - Reimbursement	294,879
Interest and Fiscal Charges	<u>(388,488)</u>
	<u>(87,951)</u>
Income (Loss) Before Contributions and Transfers	<u>(1,402,421)</u>
Capital Grants	96,550
Transfers Out	<u>(41,673)</u>
	<u>54,877</u>
Change in Net Position	(1,347,544)
Net Position - Beginning	<u>44,951,504</u>
Net Position - Ending	<u>\$ 43,603,960</u>

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

## VILLAGE OF WAUCONDA, ILLINOIS

### Statement of Cash Flows

#### Waterworks and Sewerage - Proprietary Fund (Business-Type Activities)

Year Ended April 30, 2013

Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 4,487,701
Payments to Employees	(1,505,127)
Payments to Suppliers	(2,334,528)
	<u>648,046</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	<u>(41,673)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(887,454)
Issuance of Debt	9,748,863
Principal Paid on Debt	(587,004)
Interest on Debt	(388,488)
	<u>7,885,917</u>
Cash Flows from Investing Activities	
Interest Received	<u>2,808</u>
Net Change in Cash and Cash Equivalents	8,495,098
Cash and Cash Equivalents - Beginning	<u>3,342,778</u>
Cash and Cash Equivalents - Ending	<u><u>11,837,876</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>(1,314,470)</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	1,468,959
Other Income	394,279
(Increase) Decrease in Current Assets	(77,891)
Increase (Decrease) in Current Liabilities	<u>177,169</u>
Net Cash Provided by Operating Activities	<u>\$ 648,046</u>

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

**VILLAGE OF WAUCONDA, ILLINOIS**

**Statement of Net Position - Fiduciary Funds  
April 30, 2013**

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	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 165,641	\$ 1,171,238
Investments		
U.S. Government and Agency Obligations	4,301,858	-
State and Local Obligations	637,042	-
Money Market Mutual Funds	3,919,192	-
Receivables - Net of Allowances		
Accounts Receivable	1,350	812,048
Accrued Interest	52,920	-
Total Assets	9,078,003	1,983,286
<b>LIABILITIES</b>		
Due to Bondholders	-	1,983,286
<b>NET POSITION</b>		
Held in Trust for Pension Benefits	\$ 9,078,003	\$ -

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

VILLAGE OF WAUCONDA, ILLINOIS

Statement of Changes in Net Position - Fiduciary Funds  
Year Ended April 30, 2013

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	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 517,287
Contributions - Plan Members	<u>303,543</u>
Total Contributions	<u>820,830</u>
Investment Income	
Interest Earned	291,935
Net Change in Fair Value	<u>421,407</u>
	713,342
Less Investment Expenses	<u>(19,648)</u>
Net Investment Income	<u>693,694</u>
Total Additions	<u>1,514,524</u>
Deductions	
Administration	9,340
Benefits and Refunds	<u>398,204</u>
Total Deductions	<u>407,544</u>
Change in Net Position	1,106,980
Net Position - Beginning	<u>7,971,023</u>
Net Position - Ending	<u>\$ 9,078,003</u>

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

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Wauconda, Illinois, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include police safety, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, waterworks and sewerage services and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

#### REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Wauconda
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the Village.

#### Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a pension trust fund.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION

##### Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's utility services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

##### Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

**General fund** is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

## VILLAGE OF WAUCONDA, ILLINOIS

### Notes to the Financial Statements

April 30, 2013

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one major special revenue fund, the Motor Fuel Tax Fund, which is used to account for the maintenance and construction of streets and roads as approved by the Illinois Department of Transportation. Financing is provided by the Village's share of restricted gasoline taxes.

**Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and is used to account for the payment of interest and principal on the general long-term debt.

**Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Projects Fund is treated as a major fund and is used to account for the construction of Special Service Areas #3 and #5 infrastructure.

##### Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Village:

**Enterprise funds** are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Waterworks and Sewerage Fund, which is used to account for the provision of potable water and wastewater treatment services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

**Pension trust funds** are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan.

**Agency funds** are used to account for assets held by the Village in a purely custodial capacity. The Village maintains one agency fund, the Special Service Area Fund, which accounts for the collection of property taxes within the special service area and the payment of related special service area debt.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows 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.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Measurement Focus – Continued

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 recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust 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.

##### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like 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/deferred inflows is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency 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 used.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Basis of Accounting – Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds, are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

##### Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

##### Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

##### Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report utility charges as their major receivables.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Prepays/Inventories

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepays/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

##### Restricted Assets

Certain proceeds bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

##### Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 to \$50,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	10 - 20 Years
Buildings	25 - 50 Years
Machinery and Equipment	2 - 20 Years
Infrastructure	15 - 50 Years

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Capital Assets – Continued

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets. Infrastructure assets include roads, sidewalks, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Village has reported all retroactive infrastructure.

##### Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures/expenses at the time of issuance.

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

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Net Position

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

Net investment in capital assets—Consists of capital assets 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.

Restricted—Consists of net position with constraints placed on the 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 legislations.

Unrestricted—All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for general, special revenue, debt service, enterprise and pension trust fund types. All annual appropriations lapse at fiscal year end. All departments of the Village submit requests for budgets to the Village Administrator so that a budget may be prepared. The budget is prepared by fund, function, department and object, and includes information on the past two years, current year estimates, and requested budgets for the next fiscal year. The proposed budget is presented to the Board of Trustees for review. The Board of Trustees holds public hearings and may add to, subtract from, or change budgeted amounts. The Board of Trustees then adopts a management budget for budgetary control purposes. The Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplementary appropriations were necessary.

## VILLAGE OF WAUCONDA, ILLINOIS

### Notes to the Financial Statements

April 30, 2013

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS

##### DEPOSITS AND INVESTMENTS

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.

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

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 does operate 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.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds 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; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, 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 county, 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 registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are 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 provided the investment in separate accounts does not exceed ten percent of the pension fund's net position.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

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

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type totaled \$14,129,898, and the bank balances totaled \$14,191,410.

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

Investment Instrument	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Government National Mortgage Assoc.	\$ 14,689	\$ -	\$ 1,011	\$ -	\$ 13,678
Illinois Funds	2,070,475	2,070,475	-	-	-
Illinois Metropolitan Investment Fund	74,029	74,029	-	-	-
	<u>\$ 2,159,193</u>	<u>\$ 2,144,504</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 13,678</u>

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy states that the investment portfolio will remain sufficiently liquid to enable the Village to meet all operating requirements, which might be reasonably anticipated.

To the extent possible, the Village will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest operating funds in securities maturing more than two years from the date of purchase. However, the Village may collateralize its repurchase agreements using longer-dated investments. Reserve funds may be invested in securities exceeding two years if the maturity of such investments coincides as nearly as practicable with the expected use of the funds.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, the Village's investment policy further states investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. At year-end, the Village's investment in U.S. Government Agencies were rated AAA by Standard & Poor's, and the Village's investment in the Illinois Funds is rated AAAM by Standard & Poor's and the IMET Convenience Fund is rated AAaf by Standard & Poor's and the 1-3 Year Fund is rated AAf by Standard and Poor's.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

##### Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy states that collateralization will be required on two types of investments: certificates of deposit and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value of principal and accrued interest. Collateral will always be held by an independent third party with which the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the Village and retained. At year-end, the entire bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy states that securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts. At year-end, the Village's investments U.S. Government Agencies are all insured or registered with the Village or its agent in the Village's name and the Village's investment in the Illinois Fund and the Illinois Metropolitan Investment Trust are noncategorizable.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that investments will be diversified by security type and institution. With the exception of U.S. Treasury securities, no more than 50% of the entity's total investment portfolio will be invested in a single security type or with a single financial institution. At year-end, the Village's investment in the Illinois Funds of \$2,070,475 represents more than 5 percent of the total cash and investment portfolio.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**DEPOSITS AND INVESTMENTS – Continued**

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

*Deposits.* At year-end, the carrying amount of the Fund’s deposits totaled \$165,641 and the bank balances totaled \$165,752.

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

Investment Instrument	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Notes	\$ 443,458	\$ -	\$ 391,223	\$ 52,235	\$ -
Federal Home Loan Banks	1,863,919	81,887	495,382	1,286,650	-
Federal Home Loan Mortgage Corp	827,816	-	438,158	389,658	-
Federal Farm Credit Banks	875,502	-	209,951	472,955	192,596
Government National Mortgage Assoc.	11,676	-	10,453	-	1,223
Federal National Mortgage Assoc.	279,487	-	178,985	100,502	-
Municipal Bonds	637,042	-	103,630	533,412	-
	<u>\$ 4,938,900</u>	<u>\$ 81,887</u>	<u>\$ 1,827,782</u>	<u>\$ 2,835,412</u>	<u>\$ 193,819</u>

*Interest Rate Risk.* The Fund’s investment policy states that the investment portfolio will remain sufficiently liquid to enable the Fund to meet the Fund’s disbursement requirements for the payment of operating expenses and benefits. To the extent possible, the Fund will attempt to match its investments with its actuarially determined liabilities and cash flow requirements. Unless matched to a specific cash flow, the Fund will not directly invest its funds in securities maturing more than two years from the date of purchase. However, the Fund may collateralize its repurchase agreements using longer-dated investments. Reserve funds may be invested in securities exceeding two years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

##### **Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued**

*Credit Risk.* Besides investing in security instruments authorized under State Statute, the Fund's investment policy further states investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. At year-end, the Fund's investments in U.S. Government Agencies and municipal bonds were all rated AAA by Standard & Poor's.

*Custodial Credit Risk.* The Fund investment policy states that all deposits in excess of FDIC insurable limits (applies to bank Certificates of Deposit) be secured by collateral in order to protect deposits from default. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value of principal and accrued interest. Collateral will always be held by an independent third party with which the entity has a current custodial agreement approved by the Treasurer. A clearly market evidence of ownership (safekeeping receipt) must be supplied to the Fund and retained. Securities will be held by a third party custodian designated by the Fund and evidenced by safekeeping receipts. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund's investment in U.S. Treasuries and Agencies and municipal bonds are categorized as insured, registered, or held by the Fund or its agent in the Fund's name.

*Concentration Risk.* The Fund's investment policy states that it will diversify its investments by security type and institution. With the exception of U.S. Treasury securities, no more than 50% of the entity's total investment portfolio will be invested in a single security type or with a single financial institution. In addition to the securities and fair values listed above, the Fund also has \$3,919,192 invested in mutual funds. At year-end, the Fund has investments over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) in T Rowe Price Growth Fund of \$673,286, in Vanguard 500 Index Fund of \$700,773, Pioneer Equity Income of \$517,853, and in LSV Value Equity Fund of \$562,521.

#### **PROPERTY TAXES**

Property taxes for 2012 levy attach as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared the County and are payable in two installments, on or about June 1, 2013, and September 1, 2013. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
<b>Nondepreciable Capital Assets</b>				
Land	\$ 19,273,009	\$ -	\$ -	\$ 19,273,009
Construction in Progress	5,346,694	542,511	-	5,889,205
	<u>24,619,703</u>	<u>542,511</u>	<u>-</u>	<u>25,162,214</u>
<b>Depreciable Capital Assets</b>				
Land Improvements	586,254	-	-	586,254
Buildings	3,072,023	-	-	3,072,023
Machinery and Equipment	3,454,218	117,031	-	3,571,249
Infrastructure	23,450,155	-	-	23,450,155
	<u>30,562,650</u>	<u>117,031</u>	<u>-</u>	<u>30,679,681</u>
<b>Less Accumulated Depreciation</b>				
Land Improvements	385,045	23,252	-	408,297
Buildings	1,464,001	60,195	-	1,524,196
Machinery and Equipment	2,257,111	229,259	-	2,486,370
Infrastructure	10,474,186	718,272	-	11,192,458
	<u>14,580,343</u>	<u>1,030,978</u>	<u>-</u>	<u>15,611,321</u>
Total Net Depreciable Capital Assets	<u>15,982,307</u>	<u>(913,947)</u>	<u>-</u>	<u>15,068,360</u>
Total Net Capital Assets	<u>\$ 40,602,010</u>	<u>\$ (371,436)</u>	<u>\$ -</u>	<u>\$ 40,230,574</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 128,254
Public Safety	128,460
Public Works	<u>774,264</u>
	<u>\$ 1,030,978</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS – Continued**

**Business-Type Activities**

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Nondepreciable Capital Assets				
Construction in Progress	\$ 8,280,223	\$ 865,744	\$ -	\$ 9,145,967
Depreciable Capital Assets				
Land Improvements	109,764	-	-	109,764
Buildings	30,452,396	-	-	30,452,396
Machinery and Equipment	7,084,364	21,710	-	7,106,074
Infrastructure	24,416,034	-	-	24,416,034
	<u>62,062,558</u>	<u>21,710</u>	<u>-</u>	<u>62,084,268</u>
Less Accumulated Depreciation				
Land Improvements	24,696	5,489	-	30,185
Buildings	6,010,758	627,570	-	6,638,328
Machinery and Equipment	4,511,330	343,309	-	4,854,639
Infrastructure	7,036,129	492,591	-	7,528,720
	<u>17,582,913</u>	<u>1,468,959</u>	<u>-</u>	<u>19,051,872</u>
Total Net Depreciable Capital Assets	<u>44,479,645</u>	<u>(1,447,249)</u>	<u>-</u>	<u>43,032,396</u>
Total Net Capital Assets	<u>\$ 52,759,868</u>	<u>\$ (581,505)</u>	<u>\$ -</u>	<u>\$ 52,178,363</u>

Depreciation expense was charged to business-type as follows:

Waterworks and Sewerage \$ 1,468,959

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements**

**April 30, 2013**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Interfund Balances**

The composition of interfund balances as of the date of this report, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Waterworks & Sewerage	<u>\$ 50,000</u>

Interfund balances are advances in anticipation of receipts.

**Interfund Transfers**

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Motor Fuel Tax	\$ 464,409
General	Waterworks & Sewerage	41,673
Motor Fuel Tax	General	<u>12,127</u>
		<u>\$ 518,209</u>

All other transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT**

**Installment Contracts**

The Village has enters into installment contracts for the purchase of real estate and equipment. Installment contracts currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$142,500 Real Estate Contract of 2002 - due in quarterly installments of \$30,183 including interest at 6.0% through maturity December 30, 2012.	General	\$ 69,906	\$ -	\$ 69,906	\$ -
\$289,404 Equipment Installment Contract of 2007A - due in monthly installments of \$3,123 including interest at 5.30% through maturity August 8, 2017.	General	26,011	-	4,329	21,682
	Waterworks and Sewerage	147,437	-	24,534	122,903
\$232,317 Equipment Installment Contract of 2007B - due in monthly installments of \$3,271 including interest at 4.813% through maturity December 20, 2014.	General	97,952	-	35,258	62,694
\$22,732 Equipment Installment Contract of 2009A - due in monthly installments of \$429 including interest at 4.93% through maturity December 15, 2013.	General	8,215	-	4,847	3,368
\$97,955 Equipment Installment Contract of 2009B - due in monthly installments of \$1,833 including interest at 4.58% through maturity March 31, 2014.	Waterworks and Sewerage	40,251	-	20,548	19,703

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Installment Contracts – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$700,000 Installment Contract of 2009C - due in monthly installments of \$9,761 including interest at 4.58% through maturity June 15, 2016.	Waterworks and Sewerage	\$ 442,921	\$ -	\$ 98,664	\$ 344,257
\$110,588 Equipment Installment Contract of 2011A - due in monthly installments of \$2,040 including interest at 4.005% through maturity January 15, 2016.	General	85,010	-	21,421	63,589
\$44,418 Equipment Installment Contract of 2011B - due in monthly installments of \$1,307 including interest at 3.715% through maturity November 8, 2014.	General	38,544	-	14,478	24,066
\$425,000 Equipment Installment Contract of 2011C - due in monthly installments of \$2,576 including interest at 3.943% through maturity August 15, 2016.	General	422,213	-	14,290	407,923
\$149,992 Equipment Installment Contract of 2012 - due in monthly installments of \$2,057 including interest at 4.040% through maturity February 28, 2019.	General  Waterworks and Sewerage	29,376  117,507	-  -	3,804  15,215	25,572  102,292
\$106,094 Equipment Installment Contract of 2013 - due in monthly installments of \$3,091 including interest at 3.065% through maturity April 8, 2016.	General	-	106,094	-	106,094
		<u>\$ 1,525,343</u>	<u>\$ 106,094</u>	<u>\$ 327,294</u>	<u>\$ 1,304,143</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$7,000,000 General Obligation Bonds of 2008 - due in annual installments of \$220,000 to \$780,000 including interest at 4.00% to 4.55% through December 30, 2023.	Debt Service	\$ 6,250,000	\$ -	\$ 310,000	\$ 5,940,000
\$9,500,000 General Obligation Bonds of 2013 - due in annual installments of \$365,000 to \$615,000 including interest at 2.00% to 3.00% through December 30, 2032.	Waterworks and Sewerage	-	9,500,000	-	9,500,000
		\$ 6,250,000	\$ 9,500,000	\$ 310,000	\$ 15,440,000

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Alternate Revenue Source Bonds

The Village issues bonds to provide funds for the acquisition and construction of major capital facilities. Alternate revenue source bonds provide for the collection, segregation and distribution of certain income taxes received by the Village for the payment of principal and interest on the alternate revenue source bonds. Alternate revenue source bonds outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$2,500,000 General Obligation Alternate Revenue Bonds of 2006A - due in annual installments of \$80,000 to \$185,000 plus interest at 4.00% to 4.10% through November 1, 2026.	Motor Fuel Tax	\$ 2,065,000	\$ -	\$ 100,000	\$ 1,965,000
\$5,000,000 General Obligation Alternate Revenue Bonds of 2006B - due in annual installments of \$160,000 to \$375,000 plus interest at 4.00% to 4.05% through November 1, 2026.	Waterworks and Sewerage	4,125,000	-	195,000	3,930,000
\$2,000,000 General Obligation Alternate Revenue Bonds of 2011 - due in annual installments of \$180,000 to \$270,000 plus interest at 4.75% to 5.50% through November 1, 2035.	Waterworks and Sewerage	2,000,000	-	-	2,000,000
		\$ 8,190,000	\$ -	\$ 295,000	\$ 7,895,000

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**IEPA Loans Payable**

The Village has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements in the amount of \$5,246,073. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Loan Payable in Illinois Environmental Protection Agency (IEPA), due in annual installments of \$272,866 including interest at 2.50% through February 21, 2027.	Waterworks and Sewerage	\$ 3,395,668	\$ -	\$ 189,149	\$ 3,206,519
Loan Payable in Illinois Environmental Protection Agency (IEPA) 2010 at 0% simple interest due in semi-annual payments through November 6, 2030.	Waterworks and Sewerage	833,982	248,863	43,894	1,038,951
		<u>\$ 4,229,650</u>	<u>\$ 248,863</u>	<u>\$ 233,043</u>	<u>\$ 4,245,470</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Long-Term Liability Activity**

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 267,728	\$ 96,982	\$ 48,491	\$ 316,219	\$ 63,244
Net Pension Obligation	240,242	10,379	-	250,621	-
Net Other Post-Employment Benefit Obligation	13,219	11,193	-	24,412	-
Installment Contracts	777,227	106,094	168,333	714,988	135,390
General Obligation Bonds	6,250,000	-	310,000	5,940,000	340,000
Alternate Revenue Bonds	2,065,000	-	100,000	1,965,000	105,000
	<u>\$ 9,613,416</u>	<u>\$ 224,648</u>	<u>\$ 626,824</u>	<u>\$ 9,211,240</u>	<u>\$ 643,634</u>
<b>Business-Type Activities</b>					
Compensated Absences	\$ 84,625	\$ 19,975	\$ 39,950	\$ 64,650	\$ 12,930
Installment Contracts	748,116	-	158,961	589,155	164,753
General Obligation Bonds	-	9,500,000	-	9,500,000	400,000
Alternate Revenue Bonds	6,125,000	-	195,000	5,930,000	205,000
Less: Unamortized Bond Discount	(18,839)	-	(18,839)	-	-
IEPA Loan	4,229,650	248,863	233,043	4,245,470	251,628
	<u>\$ 11,168,552</u>	<u>\$ 9,768,838</u>	<u>\$ 608,115</u>	<u>\$ 20,329,275</u>	<u>\$ 1,034,311</u>

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

Payments on the net pension obligation and net other post-employment benefit obligation are made by the General Fund. The Motor Fuel Tax Fund and Waterworks and Sewerage Fund make payments on the alternate revenue source bonds, and the Debt Service Fund and Waterworks and Sewerage Fund makes payments on the general obligation bonds. Payments on the installment contracts are made by the General Fund and the Waterworks and Sewerage Fund. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund and for the business-type activities they are liquidated by the Waterworks and Sewerage Fund.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities					
	Installment Contracts		General Obligation Bonds		General Obligation Alternate Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 135,390	\$ 26,007	\$ 340,000	\$ 264,480	\$ 105,000	\$ 79,367
2015	117,723	20,614	375,000	250,880	105,000	75,168
2016	79,964	16,947	405,000	235,880	110,000	70,967
2017	371,357	5,517	450,000	217,655	115,000	66,568
2018	6,519	291	480,000	197,405	125,000	61,967
2019	4,035	76	525,000	175,805	130,000	56,968
2020	-	-	570,000	152,180	135,000	51,767
2021	-	-	620,000	126,530	140,000	46,368
2022	-	-	665,000	98,630	150,000	40,767
2023	-	-	730,000	68,705	155,000	34,693
2024	-	-	780,000	35,490	160,000	28,415
2025	-	-	-	-	170,000	21,935
2026	-	-	-	-	180,000	14,965
2027	-	-	-	-	185,000	7,585
Total	\$ 714,988	\$ 69,452	\$ 5,940,000	\$ 1,823,640	\$ 1,965,000	\$ 657,500

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements

April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity – Continued

Fiscal Year	Business-Type Activities							
	Installment Contracts		General Obligation Bonds		General Obligation Alternate Revenue Bonds		IEPA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 164,753	\$ 24,148	\$ 400,000	\$ 202,478	\$ 205,000	\$ 262,025	\$ 251,628	\$ 78,958
2015	152,039	16,696	365,000	230,767	215,000	253,825	256,505	74,081
2016	159,349	9,387	375,000	223,417	225,000	245,225	261,506	69,080
2017	67,702	3,398	385,000	215,868	235,000	236,225	266,633	63,954
2018	29,161	1,197	395,000	208,118	245,000	226,825	271,888	58,698
2019	16,151	306	410,000	200,118	255,000	217,025	277,276	53,310
2020	-	-	420,000	191,343	270,000	206,825	282,798	47,788
2021	-	-	435,000	180,780	280,000	196,025	288,461	42,125
2022	-	-	445,000	169,842	295,000	184,825	294,266	36,321
2023	-	-	460,000	158,593	310,000	173,025	300,215	30,370
2024	-	-	475,000	147,030	325,000	160,625	306,315	24,270
2025	-	-	490,000	135,030	340,000	147,625	312,570	18,015
2026	-	-	500,000	122,473	355,000	134,025	318,980	11,605
2027	-	-	515,000	108,586	375,000	119,647	325,553	5,032
2028	-	-	530,000	94,355	180,000	104,460	57,719	-
2029	-	-	545,000	79,711	190,000	95,910	57,719	-
2030	-	-	565,000	64,586	200,000	86,885	57,719	-
2031	-	-	580,000	48,769	210,000	76,685	57,719	-
2032	-	-	595,000	31,950	220,000	65,975	-	-
2033	-	-	615,000	13,950	230,000	54,425	-	-
2034	-	-	-	-	245,000	42,350	-	-
2035	-	-	-	-	255,000	28,875	-	-
2037	-	-	-	-	270,000	14,850	-	-
<b>Total</b>	<b>\$ 589,155</b>	<b>\$ 55,132</b>	<b>\$ 9,500,000</b>	<b>\$ 2,827,764</b>	<b>\$ 5,930,000</b>	<b>\$ 3,334,187</b>	<b>\$ 4,245,470</b>	<b>\$ 613,607</b>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements**

**April 30, 2013**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Legal Debt Margin**

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. “The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property ... (2) if its population is more than 25,000 and less than 50,000 an aggregate of one percent: ... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum ... shall not be included in the foregoing percentage amounts.”

Assessed Valuation - 2012	<u>\$ 364,553,792</u>
Legal Debt Limit - 8.625% of Assessed Value	31,442,765
Amount of Debt Applicable to Limit	
General Obligation Bonds	15,440,000
Installment Contracts	<u>1,304,143</u>
	<u>16,744,143</u>
Legal Debt Margin	<u>\$ 14,698,622</u>

**Noncommitment Debt – Special Service Area Bonds**

Special service area bonds outstanding as of the date of this report totaled \$10,378,000. These bonds are not an obligation of the government and are secured by the levy of an annual tax on the real property within the special service area. The government is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the tax, and forwarding the collections to bondholders.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**NET POSITION/FUND BALANCE**

**Net Position Classifications**

Net investment in capital assets was comprised of the following as of April 30, 2013:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 40,230,574
Less Capital Related Debt:	
Installment Contracts	(714,988)
General Obligation Bonds	(5,940,000)
Alternate Revenue Bonds	<u>(1,965,000)</u>
Net Investment in Capital Assets	<u>\$ 31,610,586</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 52,178,363
Plus: Unspent Bond Proceeds	9,500,000
Less Capital Related Debt:	
Installment Contracts	(589,155)
General Obligation Bonds	(9,500,000)
Alternate Revenue Source	(5,930,000)
IEPA Loan	<u>(4,245,470)</u>
Net Investment in Capital Assets	<u>\$ 41,413,738</u>

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classifications

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Special Revenue Motor Fuel Tax	Debt Service	Capital Projects	Totals
Fund Balances					
Nonspendable	\$ 271,470	\$ -	\$ -	\$ -	\$ 271,470
Restricted					
Audit	38,787	-	-	-	38,787
Liability Insurance	82,504	-	-	-	82,504
Motor Fuel Taxes	-	841,717	-	-	841,717
Debt Service	-	-	29,256	-	29,256
	121,291	841,717	29,256	-	992,264
Assigned					
Capital Projects	-	-	-	74,871	74,871
Unassigned	3,518,855	-	-	-	3,518,855
Total Fund Balances	\$ 3,911,616	\$ 841,717	\$ 29,256	\$ 74,871	\$ 4,857,460

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

**Assigned Fund Balance.** The Village reports assigned fund balance in the General Fund and Capital Projects Fund, both major funds. The Village’s Board has given authority to management thru the Village’s budget policy, to assign the funds in this fund to future Village improvement projects and equipment and vehicle purchases based on approved Board/management expenditures as determined through the annual budget process.

**Minimum Fund Balance Policy.** The Village’s policy manual states that the General Fund should maintain a minimum fund balance equal to one month of budgeted operating expenditures.

## VILLAGE OF WAUCONDA, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION

##### 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; natural disasters; and injuries to the Village's employees. These risks are provided for through participation in the Illinois Municipal League Risk Management Association and private insurance coverage. The Village has purchased insurance from private insurance companies, covered risks included medical, dental, life and other. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverage's from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

##### **Illinois Municipal League Risk Management Association (IMLRMA)**

The Village participates in the Illinois Municipal League Risk management Association (IMLRMA). IMLRMA is an organization of municipalities and special districts in Illinois which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverage's; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

Each member appoints one delegate to represent the member on the Board of Directors. The Village does not exercise any control over the activities of the Association beyond its representation on the Board of Directors.

The Village participates in the minimum/maximum program with the Association. Initial contributions are determined each year based on administrative expenses plus 80% of the normal loss fund. Annually the claims of members participating in the program are reviewed and when the Village's paid claims dollars exceed 100% of the loss fund, additional amounts will be due from the Village up to, but not to exceed 120% of the normal loss fund. The Village's payments to IMLRMA are displayed on the financial statements as expenditures/expenses in appropriate funds.

##### **DEFERRED COMPENSATION PLAN**

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan are held in trust on behalf of the employees. Accordingly, the assets are not reported in these financial statements.

## VILLAGE OF WAUCONDA, ILLINOIS

### Notes to the Financial Statements April 30, 2013

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#### NOTE 4 – OTHER INFORMATION – Continued

##### CONTINGENT LIABILITIES

###### Litigation

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

###### Grants

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

##### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; and the Police Pension Plan that is a single-employer pension plan. Financial statements for the Police Pension Plan can be obtained by writing the Village 101 North Main Street, Wauconda, Illinois 60084. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefit, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

###### Plan Descriptions, Provisions and Funding Policies

###### Illinois Municipal Retirement System

All employees (other than those covered by the Police Pension plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Plan Descriptions, Provisions and Funding Policies – Continued**

**Illinois Municipal Retirement System – Continued**

The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution rate and the employer annual required contribution rate for calendar year 2012 was 12.78 percent.

**Police Pension Plan**

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	10
Current Employees Vested and Nonvested	<u>25</u>
	<u>35</u>

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

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

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements

April 30, 2013

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### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Plan Descriptions, Provisions and Funding Policies – Continued

##### Police Pension Plan – Continued

Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

##### Summary of Significant Accounting Policies and Plan Asset Matters

##### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

##### Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Summary of Significant Accounting Policies and Plan Asset Matters – Continued**

**Significant Investments**

The following investments (other than U.S. Government and U.S. Government-guaranteed obligations) in the police pension fund represent 5 percent or more of net position available for benefits for the Police Pension Fund: T Rowe Price Growth Fund of \$673,286, in Vanguard 500 Index Fund of \$700,773, Pioneer Equity Income of \$517,853, and in LSV Value Equity Fund of \$562,521.

**Related Party Transactions**

There are no securities of the employer or any other related parties included in net position.

**Annual Pension Cost and Net Pension Obligation**

The pension liability was determined in accordance with GASB Statement No. 27, “Accounting for Pensions by State and Local Governmental Employers.” The pension liability for the IMRF Plan and the Police Pension Plan is as follows:

	IMRF	Police Pension	Totals
Annual Required Contribution	\$ 372,773	\$ 517,287	\$ 890,060
Interest on the NPO	666	17,524	18,190
Adjustment to the ARC	(476)	(7,335)	(7,811)
Annual Pension Cost	372,963	527,476	900,439
Actual Contribution	(372,773)	(517,287)	(890,060)
Increase in the NPO	190	10,189	10,379
NPO - Beginning	8,882	231,360	240,242
NPO - Ending	\$ 9,072	\$ 241,549	\$ 250,621

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Annual Pension Cost and Net Pension Obligation – Continued**

The annual pension costs for the current year and related information for each plan is as follows:

	<u>IMRF</u>	<u>Police Pension</u>
Contribution Rates		
Employer	12.78%	25.94%
Employee	4.50%	9.91%
Actuarial Valuation Date	12/31/2012	4/30/12
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Open Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	29
Asset Valuation Method	5-Year Smoothed Market	3-Year Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually
Projected Salary Increases	.4 to 10.0%	5.50%
Inflation Rate Included	4.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Trend Information**

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

	Fiscal Year	IMRF	Police Pension
Annual Pension Cost (APC)	2013	\$ 372,963	\$ 527,476
	2012	355,961	545,130
	2011	332,828	498,460
Actual Contributions	2013	\$ 372,773	\$ 517,287
	2012	355,775	557,478
	2011	327,056	533,102
Percentage of APC Contributed	2013	99.95%	98.07%
	2012	99.95%	102.27%
	2011	98.27%	106.95%
Net Pension Obligation	2013	\$ 9,072	\$ 241,549
	2012	8,882	231,360
	2011	8,696	241,549

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued**

**Funded Status and Funding Progress**

The Village’s funded status for the current year and related information for each plan is as follows:

	IMRF	Police Pension
Actuarial Valuation Date	12/31/12	04/30/12
Percent Funded	63.99%	54.04%
Actuarial Accrued Liability for Benefits	\$6,269,682	\$14,750,365
Actuarial Value of Assets	\$4,012,020	\$7,971,023
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$2,257,662)	(\$6,779,342)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$2,976,470	\$2,149,296
Ratio of UAAL to Covered Payroll	75.85%	315.42%

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 are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS

##### Plan Descriptions, Provisions, and Funding Policies

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

The Village provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits are provided through the Village's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2013, retirees contributed \$22,730. Active employees do not contribute to the plan until retirement.

At April 30, 2013, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	4
Active Employees	<u>62</u>
Total	<u>66</u>
Participating Employers	1

The Village does not currently have a funding policy.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2013**

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**NOTE 4 – OTHER INFORMATION – Continued**

**OTHER POST-EMPLOYMENT BENEFITS – Continued**

**Annual OPEB Costs and Net OPEB Obligation**

The net OPEB obligation (NOPEBO) as of April 30, 2013, was calculated as follows:

Annual Required Contribution	\$ 17,794
Interest on the NOPEBO	529
Adjustment to the ARC	<u>(440)</u>
Annual OPEB Cost	17,883
Actual Contribution	<u>6,690</u>
Increase in the NOPEBO	11,193
NOPEBO - Beginning	<u>13,219</u>
NOPEBO - Ending	<u>\$ 24,412</u>

**Trend Information**

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 8,589	\$ 5,278	61.45%	\$ 9,941
2012	8,012	4,734	59.09%	13,219
2012	17,883	6,690	37.41%	24,412

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements April 30, 2013

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### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Funded Status and Funding Progress

The funded status of the plan as of April 30, 2012, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 185,353
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	185,353
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	4,909,426
UAAL as a Percentage of Covered Payroll	3.78%

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

##### Actuarial Methods and Assumptions

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

In the April 30, 2012 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (including a 3.0% assumption rate) and an annual healthcare cost trend rate of 8.0%, with an ultimate rate of 6.0%. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2013, was 30 years.

## **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:

- Schedules of Funding Progress and Employer Contributions
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Other Post-Employment Benefit Plan
  
- Budgetary Comparison Schedules
  - General Fund
  - Motor Fuel Tax – Special Revenue Fund

### Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
April 30, 2013**

**Funding Progress**

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 4,832,170	\$ 5,901,997	81.87%	\$ 1,069,827	\$ 3,271,248	32.70%
2008	3,766,814	5,635,795	66.84%	1,868,981	3,420,132	54.65%
2009	4,005,130	6,075,353	65.92%	2,070,223	3,239,440	63.91%
2010	3,766,814	5,635,795	66.84%	1,868,981	3,420,132	54.65%
2011	3,849,764	6,105,810	63.05%	2,256,046	2,824,418	79.88%
2012	4,012,020	6,269,682	63.99%	2,257,662	2,976,470	75.85%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 368,342	\$ 368,342	100.00%
2009	365,612	365,612	100.00%
2010	338,719	343,592	98.58%
2011	327,056	332,766	98.28%
2012	355,775	355,775	100.00%
2013	372,773	372,773	100.00%

**VILLAGE OF WAUCONDA, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information  
Schedule of Funding Progress and Employer Contributions  
April 30, 2013**

**Funding Progress**

Actuarial Valuation Date Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 5,209,309	\$ 9,163,791	56.85%	\$ 3,954,482	\$ 1,660,818	238.10%
2008	5,769,672	9,167,883	62.93%	3,398,211	1,890,550	179.75%
2009	6,262,550	10,081,516	62.12%	3,818,966	1,893,541	201.68%
2010	6,235,966	11,393,632	54.73%	5,157,666	2,022,399	255.03%
2011	7,256,327	12,813,039	56.63%	5,556,712	2,085,008	266.51%
2012	7,971,023	14,750,365	54.04%	6,779,342	2,149,296	315.42%

**Employer Contributions**

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 411,781	\$ 417,451	98.64%
2009	483,000	483,719	99.85%
2010	476,000	475,348	100.14%
2011	533,102	533,102	100.00%
2012	557,478	554,424	100.55%
2013	517,287	517,287	100.00%

VILLAGE OF WAUCONDA, ILLINOIS

Other Post-Employment Benefit Plan

Required Supplementary Information  
 Schedule of Funding Progress and Employer Contributions  
 April 30, 2013

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
Apr. 30						
2008	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2009	-	82,182	0.00%	82,182	5,599,929	1.47%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	-	185,353	0.00%	185,353	4,909,426	3.78%
2013	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ N/A	\$ N/A	N/A
2009	4,734	7,989	59.26%
2010	4,734	7,946	59.58%
2011	5,278	8,423	62.66%
2012	4,734	7,945	59.58%
2013	6,690	17,794	37.60%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009 and had a subsequent actuarial valuation performed for the fiscal year ended April 30, 2012. Information for other years is not available. The Village is required to have an actuarial valuation performed triennially.

VILLAGE OF WAUCONDA, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Taxes	\$ 3,403,018	\$ 3,403,018	\$ 3,397,056
Licenses and Permits	212,500	212,500	236,244
Intergovernmental	3,421,240	3,421,240	3,714,224
Charges for Services	421,900	421,900	508,605
Fines and Forfeitures	377,000	377,000	393,769
Interest	1,710	1,710	2,758
Miscellaneous	240,600	240,600	321,063
Total Revenues	<u>8,077,968</u>	<u>8,077,968</u>	<u>8,573,719</u>
<b>Expenditures</b>			
Current			
General Government	4,199,000	4,199,000	1,297,106
Public Safety	8,309,000	8,309,000	5,339,644
Public Works	2,637,000	2,637,000	1,009,606
Capital Outlay	3,460,000	3,460,000	658,120
Debt Service			
Principal Retirement	510,000	510,000	168,333
Interest and Fiscal Charges	625,000	625,000	31,553
Total Expenditures	<u>19,740,000</u>	<u>19,740,000</u>	<u>8,504,362</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,662,032)</u>	<u>(11,662,032)</u>	<u>69,357</u>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	5,000	5,000	-
Debt Issuance	-	-	106,094
Transfers In	763,842	763,842	506,082
Transfers Out	(3,120,000)	(3,120,000)	(12,127)
	<u>(2,351,158)</u>	<u>(2,351,158)</u>	<u>600,049</u>
Net Change in Fund Balance	<u>\$ (14,013,190)</u>	<u>\$ (14,013,190)</u>	669,406
Fund Balance - Beginning			<u>3,242,210</u>
Fund Balance - Ending			<u>\$ 3,911,616</u>

VILLAGE OF WAUCONDA, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 295,000	\$ 295,000	\$ 323,922
Grants	13,000	13,000	81,077
Interest	500	500	1,000
Total Revenues	<u>308,500</u>	<u>308,500</u>	<u>405,999</u>
<b>Expenditures</b>			
Public Works			
Contractual Services	2,340,000	5,180,000	42,849
Capital Outlay	2,600,000	2,600,000	13,533
Debt Service			
Principal Retirement	120,000	120,000	100,000
Interest and Fiscal Charges	120,000	120,000	83,368
Total Expenditures	<u>5,180,000</u>	<u>8,020,000</u>	<u>239,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,871,500)</u>	<u>(7,711,500)</u>	<u>166,249</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	60,000	60,000	12,127
Transfers Out	-	-	(464,409)
	<u>60,000</u>	<u>60,000</u>	<u>(452,282)</u>
Net Change in Fund Balance	<u>\$ (4,811,500)</u>	<u>\$ (7,651,500)</u>	<u>(286,033)</u>
Fund Balance - Beginning			<u>1,127,750</u>
Fund Balance - Ending			<u>\$ 841,717</u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
  - General Fund
  - Debt Service Fund
- Budgetary Comparison Schedule – Enterprise Fund
  - Waterworks and Sewerage Fund
- Budgetary Comparison Schedule – Pension Trust Fund
  - Police Pension Fund
- Statement of Changes in Assets and Liabilities – Agency Fund
  - Special Service Area Fund

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

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## **GENERAL FUND**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

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## **SPECIAL REVENUE FUND**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes. The Village's Special Revenue Funds are all nonmajor funds.

### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund is used to account for the maintenance and construction of streets and roads as approved by the Illinois Department of Transportation. Financing is provided by the Village's share of gasoline taxes.

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## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for revenues designated for debt service and payments of general long-term debt principal and interest.

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## **CAPITAL PROJECTS FUND**

The Capital Projects Fund accounts for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

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

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## **ENTERPRISE FUND**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose. The Village's enterprise funds are both major funds.

### **Waterworks and Sewerage Fund**

The Waterworks and Sewerage Fund is used to account for the provision of potable water and wastewater treatment services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

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## **TRUST AND AGENCY FUNDS**

### **PENSION TRUST FUND**

#### **Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for disability and retirement annuity payments to sworn members of the Police Department covered by the plan in accordance with rules and regulations of the fund as established by the Pension Division of the Illinois Department of Insurance. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

### **AGENCY FUND**

#### **Special Service Area Fund**

The Special Service Area Fund is used to account for the collection of property taxes within the special service area and the payment of related special service area debt.

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VILLAGE OF WAUCONDA, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes - General	\$ 2,885,211	\$ 2,885,211	\$ 2,880,378
Property Taxes - Police Pension	517,807	517,807	516,678
	<u>3,403,018</u>	<u>3,403,018</u>	<u>3,397,056</u>
<b>Licenses and Permits</b>			
<b>Licenses</b>			
Liquor	30,500	30,500	46,385
Business	22,000	22,000	22,779
<b>Permits</b>			
Building Permits	155,000	155,000	161,745
Public Works	5,000	5,000	5,335
	<u>212,500</u>	<u>212,500</u>	<u>236,244</u>
<b>Intergovernmental</b>			
Sales Tax	1,680,000	1,680,000	1,717,173
Income Tax	1,000,000	1,000,000	1,287,081
Replacement Tax	30,000	30,000	34,576
Road and Bridge	40,000	40,000	43,404
Utility Tax	611,240	611,240	554,418
Video Gaming Tax	-	-	2,465
Grants	60,000	60,000	75,107
	<u>3,421,240</u>	<u>3,421,240</u>	<u>3,714,224</u>
<b>Charges for Services</b>			
Administrative Fees	15,000	15,000	24,075
Cable TV Franchise Fees	135,000	135,000	148,215
Telephone Franchise	45,000	45,000	73,118
Communications Fee	97,000	97,000	100,895
Police Protection	13,000	13,000	16,575
Housing Inspection Fees	10,000	10,000	27,900
Planning and Zoning Fees	-	-	3,600
Printing	1,000	1,000	1,615
Rental	60,000	60,000	69,961
Lab Testing Fees	-	-	794
WWTP Industrial Charges	-	-	1,000

**VILLAGE OF WAUCONDA, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual - Continued  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
<b>Charges for Services - Continued</b>			
Boat Permits and Inspections	\$ 45,900	\$ 45,900	\$ 40,857
	<u>421,900</u>	<u>421,900</u>	<u>508,605</u>
<b>Fines and Forfeitures</b>			
Court Fines	190,000	190,000	179,860
Local Fines	52,000	52,000	51,831
False Alarms	14,000	14,000	15,180
Forfeitures	6,000	6,000	11,757
DUI Fines	5,000	5,000	14,230
PD SB-1089	10,000	10,000	8,470
Red Light Camera	100,000	100,000	112,441
	<u>377,000</u>	<u>377,000</u>	<u>393,769</u>
<b>Interest</b>	<u>1,710</u>	<u>1,710</u>	<u>2,758</u>
<b>Miscellaneous</b>			
Loss Reimbursement	600	600	1,385
Other	240,000	240,000	319,678
	<u>240,600</u>	<u>240,600</u>	<u>321,063</u>
<b>Total Revenues</b>	<u>\$ 8,077,968</u>	<u>\$ 8,077,968</u>	<u>\$ 8,573,719</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
<b>General Government</b>			
<b>Administration</b>			
Personal Services	\$ 718,000	\$ 718,000	\$ 393,759
Contractual Services	564,000	564,000	259,021
Commodities	131,000	131,000	58,840
Other	507,000	507,000	-
Capital Outlay	600,000	600,000	1,256
	<u>2,520,000</u>	<u>2,520,000</u>	<u>712,876</u>
<b>Building Department</b>			
Personal Services	171,000	171,000	98,303
Contractual Services	254,000	254,000	67,301
Commodities	37,000	37,000	6,629
Other	-	-	75
Capital Outlay	45,000	45,000	-
	<u>507,000</u>	<u>507,000</u>	<u>172,308</u>
<b>Marine</b>			
Personal Services	62,000	62,000	12,360
Contractual Services	35,000	35,000	6,141
Commodities	31,000	31,000	6,983
Other	20,000	20,000	-
Capital Outlay	20,000	20,000	-
	<u>168,000</u>	<u>168,000</u>	<u>25,484</u>
<b>Environmental</b>			
Contractual Services	96,000	96,000	34,760
Commodities	46,000	46,000	3,237
Other	75,000	75,000	-
Capital Outlay	100,000	100,000	-
	<u>317,000</u>	<u>317,000</u>	<u>37,997</u>
<b>Tort</b>			
Contractual Services	420,000	420,000	266,242

VILLAGE OF WAUCONDA, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>General Government - Continued</b>			
Economic Development			
Personal Services	\$ 147,000	\$ 147,000	\$ 47,004
Contractual Services	105,000	105,000	35,195
Commodities	15,000	15,000	-
	<u>267,000</u>	<u>267,000</u>	<u>82,199</u>
Total General Government	<u>4,199,000</u>	<u>4,199,000</u>	<u>1,297,106</u>
<b>Public Safety</b>			
Police Department			
Personal Services	4,510,000	4,510,000	4,206,630
Contractual Services	568,000	568,000	366,512
Commodities	505,000	505,000	189,935
Capital Outlay	690,000	690,000	-
	<u>6,273,000</u>	<u>6,273,000</u>	<u>4,763,077</u>
Police and Fire Commission			
Personal Services	15,000	15,000	2,066
Contractual Services	34,000	34,000	10,400
Commodities	11,000	11,000	-
	<u>60,000</u>	<u>60,000</u>	<u>12,466</u>
Emergency Management Agency			
Personal Services	15,000	15,000	4,306
Contractual Services	46,000	46,000	21,090
Commodities	18,000	18,000	6,714
Capital Outlay	20,000	20,000	-
	<u>99,000</u>	<u>99,000</u>	<u>32,110</u>
911 Dispatch Center			
Personal Services	1,205,000	1,205,000	2,232
Contractual Services	47,000	47,000	6,018
Commodities	23,000	23,000	1,931
	<u>1,275,000</u>	<u>1,275,000</u>	<u>10,181</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
Year Ended April 30, 2013**

	Budget		Actual
	Original	Final	
Public Safety - Continued			
Police Pension			
Property Tax	\$ 600,000	\$ 600,000	\$ 517,287
Replacement Tax	2,000	2,000	4,523
	<u>602,000</u>	<u>602,000</u>	<u>521,810</u>
Total Public Safety	<u>8,309,000</u>	<u>8,309,000</u>	<u>5,339,644</u>
Public Works			
Highways and Streets			
Personal Services	762,000	762,000	491,127
Contractual Services	663,000	663,000	368,949
Commodities	197,000	197,000	114,731
Capital Outlay	750,000	750,000	-
	<u>2,372,000</u>	<u>2,372,000</u>	<u>974,807</u>
Facilities Maintenance			
Contractual Services	64,000	64,000	34,038
Commodities	11,000	11,000	761
Capital Outlay	60,000	60,000	-
	<u>135,000</u>	<u>135,000</u>	<u>34,799</u>
Utility Tax			
Contractual Services	130,000	130,000	-
Total Public Works	<u>2,637,000</u>	<u>2,637,000</u>	<u>1,009,606</u>
Capital Outlay	<u>3,460,000</u>	<u>3,460,000</u>	<u>658,120</u>
Debt Service			
Principal Retirement	510,000	510,000	168,333
Interest and Fiscal Charges	625,000	625,000	31,553
Total Debt Service	<u>1,135,000</u>	<u>1,135,000</u>	<u>199,886</u>
Total Expenditures	<u>\$ 19,740,000</u>	<u>\$ 19,740,000</u>	<u>\$ 8,504,362</u>

VILLAGE OF WAUCONDA, ILLINOIS

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 595,275	\$ 595,275	\$ 593,976
Expenditures			
Debt Service			
Principal Retirement	500,000	500,000	310,000
Interest and Fiscal Charges	500,000	500,000	276,880
Total Expenditures	1,000,000	1,000,000	586,880
Net Change in Fund Balance	\$ (404,725)	\$ (404,725)	7,096
Fund Balance - Beginning			22,160
Fund Balance - Ending			\$ 29,256

VILLAGE OF WAUCONDA, ILLINOIS

Waterworks and Sewerage - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 4,147,446	\$ 4,147,446	\$ 4,171,313
Operating Expenses			
Operations			
Water	5,240,000	5,240,000	1,875,932
Sewer	2,609,000	2,609,000	1,715,768
Capital Projects	-	-	425,124
Depreciation	-	-	1,468,959
Total Operating Expenses	7,849,000	7,849,000	5,485,783
Operating Income (Loss)	(3,701,554)	(3,701,554)	(1,314,470)
Nonoperating Revenues (Expenses)			
Connection/Annexation/Impact Fees	-	-	2,850
Interest Income	2,610	2,610	2,808
Other Income - Reimbursement	100	100	294,879
Interest and Fiscal Charges	(940,000)	(940,000)	(388,488)
	(937,290)	(937,290)	(87,951)
Income (Loss) Before Contributions and Transfers	(4,638,844)	(4,638,844)	(1,402,421)
Capital Grants	-	-	96,550
Transfers In	20,000	20,000	-
Transfers Out	(900,000)	(900,000)	(41,673)
	(880,000)	(880,000)	54,877
Change in Net Position	\$ (5,518,844)	\$ (5,518,844)	(1,347,544)
Net Position - Beginning			44,951,504
Net Position - Ending			\$ 43,603,960

**VILLAGE OF WAUCONDA, ILLINOIS**

**Waterworks and Sewerage - Enterprise Fund**

**Schedule of Operating Revenues - Budget and Actual  
Year Ended April 30, 2013**

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	Budget		Actual
	Original	Final	
Charges for Services			
Water Charges	\$ 1,812,762	\$ 1,812,762	\$ 1,811,035
Sewer Charges	2,152,384	2,152,384	2,129,929
Permits	69,500	69,500	10,205
Water Meter Sales	16,000	16,000	28,604
Miscellaneous	96,800	96,800	191,540
Total Operating Revenues	<u>\$ 4,147,446</u>	<u>\$ 4,147,446</u>	<u>\$ 4,171,313</u>

VILLAGE OF WAUCONDA, ILLINOIS

Waterworks and Sewerage - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
Operations - Water			
Personal Services	\$ 1,489,000	\$ 1,489,000	\$ 1,079,681
Contractual Services	3,109,000	3,109,000	582,285
Commodities	642,000	642,000	213,966
	<u>5,240,000</u>	<u>5,240,000</u>	<u>1,875,932</u>
Operations - Sewer			
Personal Services	1,159,000	1,159,000	917,281
Contractual Services	1,154,000	1,154,000	646,665
Commodities	296,000	296,000	151,822
	<u>2,609,000</u>	<u>2,609,000</u>	<u>1,715,768</u>
Operations - Capital Projects			
Capital Outlay	24,800,000	24,800,000	1,312,578
Less Nonoperating Items			
Capital Assets Capitalized	<u>(24,800,000)</u>	<u>(24,800,000)</u>	<u>(887,454)</u>
	<u>-</u>	<u>-</u>	<u>425,124</u>
Operations - Debt Service			
Principal Retirement	850,000	850,000	587,004
Interest and Fiscal Charges	940,000	940,000	388,488
	<u>1,790,000</u>	<u>1,790,000</u>	<u>975,492</u>
Less Nonoperating Items			
Debt Service	<u>(1,790,000)</u>	<u>(1,790,000)</u>	<u>(975,492)</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation	-	-	1,468,959
Total Operating Expenses	<u>\$ 7,849,000</u>	<u>\$ 7,849,000</u>	<u>\$ 5,485,783</u>

VILLAGE OF WAUCONDA, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in Net Position - Budget and Actual  
Year Ended April 30, 2013

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 633,000	\$ 633,000	\$ 517,287
Contributions - Plan Members	180,000	180,000	303,543
<b>Total Contributions</b>	<b>813,000</b>	<b>813,000</b>	<b>820,830</b>
<b>Investment Income</b>			
Interest Earned	120,000	120,000	291,935
Net Change in Fair Value	150,000	150,000	421,407
	270,000	270,000	713,342
Less Investment Expenses	(20,000)	(20,000)	(19,648)
<b>Net Investment Income</b>	<b>250,000</b>	<b>250,000</b>	<b>693,694</b>
<b>Total Additions</b>	<b>1,063,000</b>	<b>1,063,000</b>	<b>1,514,524</b>
<b>Deductions</b>			
Administration	91,000	91,000	9,340
Benefits and Refunds			
Benefits	450,000	450,000	398,204
<b>Total Deductions</b>	<b>541,000</b>	<b>541,000</b>	<b>407,544</b>
<b>Change in Net Position</b>	<b>\$ 522,000</b>	<b>\$ 522,000</b>	<b>1,106,980</b>
<b>Net Position - Beginning</b>			<b>7,971,023</b>
<b>Net Position - Ending</b>			<b>\$ 9,078,003</b>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Special Service Area - Agency Fund**

**Statement of Changes in Assets and Liabilities  
Year Ended April 30, 2013**

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	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
<b>ASSETS</b>				
Cash and Investments	\$ 1,182,329	\$ 804,799	\$ 815,890	\$ 1,171,238
Receivables - Net of Allowances				
Property Taxes	<u>795,537</u>	<u>812,048</u>	<u>795,537</u>	<u>812,048</u>
Total Assets	<u>\$ 1,977,866</u>	<u>\$ 1,616,847</u>	<u>\$ 1,611,427</u>	<u>\$ 1,983,286</u>
<b>LIABILITIES</b>				
Due to Bondholders	<u>\$ 1,977,866</u>	<u>\$ 1,616,847</u>	<u>\$ 1,611,427</u>	<u>\$ 1,983,286</u>

## **SUPPLEMENTAL SCHEDULES**

VILLAGE OF WAUCONDA, ILLINOIS

Schedule of Insurance in Force  
April 30, 2013

Coverage	Limits
Comprehensive General Liability and Auto Liability	\$ 8,000,000
Fire Legal Liability	\$ 100,000
Premises Medical Payments	\$3,000 per Person/ \$8,000,000 per Occurrence
Crime	\$ 100,000
Liquor Liability	\$ 1,000,000
Public Officials and Employees Liability	\$ 2,500,000
Public Officials and Employees Liability (Prior Act Coverage)	\$8,000,000 Annual Aggregate \$2,500,000 per Occurrence/ \$8,000,000 Annual Aggregate
Auto Medical Payments	\$10,000 per Person/ \$8,000,000 per Occurrence
Uninsured/Underinsured Motorists	\$100,000 per Person/ \$300,000 per Accident
Auto Physical Damage/Building/Personal Property	\$ 30,000,000
Inland Marine	\$250,000,000 per Occurrence \$50,000 Extra Expense
Valuable Papers/Records	\$ 50,000
Flood/Earthquake	\$ 5,000,000
Workers' Compensation/Occupational Disease	Statutory

**VILLAGE OF WAUCONDA, ILLINOIS**

**Water and Sewer Consumer Data  
April 30, 2013**

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Metered Consumers	6,304
Unmetered Consumers	-
Number of Hydrants	952
Gallons of Water - Pumped	429,999,000

VILLAGE OF WAUCONDA, ILLINOIS

Long-Term Debt Requirements

Equipment Installment Contract of 2007A  
April 30, 2013

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Date of Issue	October 19, 2007
Date of Maturity	August 8, 2017
Original Contract	\$289,404
Interest Rate	5.30%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 30,452	\$ 7,030	\$ 37,482
2015	32,129	5,352	37,481
2016	33,891	3,591	37,482
2017	35,766	1,716	37,482
2018	12,347	139	12,486
	<u>\$ 144,585</u>	<u>\$ 17,828</u>	<u>\$ 162,413</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2007B  
April 30, 2013**

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Date of Issue	December 20, 2007
Date of Maturity	December 20, 2014
Original Contract	\$232,317
Interest Rate	4.813%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 37,010	\$ 2,242	\$ 39,252
2015	25,684	474	26,158
	<u>\$ 62,694</u>	<u>\$ 2,716</u>	<u>\$ 65,410</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2009A  
April 30, 2013**

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Date of Issue	December 15, 2008
Date of Maturity	December 15, 2013
Original Contract	\$22,732
Interest Rate	4.93%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 3,368	\$ 64	\$ 3,432

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2009B  
April 30, 2013**

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Date of Issue	March 31, 2009
Date of Maturity	March 31, 2014
Original Contract	\$97,955
Interest Rate	4.58%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 19,703	\$ 463	\$ 20,166

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Installment Contract of 2009C**

**April 30, 2013**

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Date of Issue	June 29, 2009
Date of Maturity	June 15, 2016
Original Contract	\$700,000
Interest Rate	4.58%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 103,315	\$ 13,814	\$ 117,129
2015	108,216	8,913	117,129
2016	113,345	3,784	117,129
2017	19,381	112	19,493
	<u>\$ 344,257</u>	<u>\$ 26,623</u>	<u>\$ 370,880</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2011A  
April 30, 2013**

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Date of Issue	January 14, 2011
Date of Maturity	January 15, 2016
Original Contract	\$110,588
Interest Rate	4.005%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 22,308	\$ 2,171	\$ 24,479
2015	23,230	1,248	24,478
2016	18,051	308	18,359
	<u>\$ 63,589</u>	<u>\$ 3,727</u>	<u>\$ 67,316</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2011B  
April 30, 2013**

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Date of Issue	November 8, 2011
Date of Maturity	November 8, 2014
Original Contract	\$44,418
Interest Rate	3.715%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 15,032	\$ 650	\$ 15,682
2015	9,034	114	9,148
	<u>\$ 24,066</u>	<u>\$ 764</u>	<u>\$ 24,830</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2011C**

**April 30, 2013**

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Date of Issue	August 15, 2011
Date of Maturity	August 15, 2016
Original Contract	\$425,000
Interest Rate	3.943%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 14,869	\$ 16,039	\$ 30,908
2015	15,475	15,433	30,908
2016	16,065	14,843	30,908
2017	361,514	4,803	366,317
	<u>\$ 407,923</u>	<u>\$ 51,118</u>	<u>\$ 459,041</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2012  
April 30, 2013**

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Date of Issue	February 28, 2012
Date of Maturity	February 28, 2019
Original Contract	\$149,992
Interest Rate	4.040%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 19,813	\$ 4,869	\$ 24,682
2015	20,640	4,043	24,683
2016	21,494	3,189	24,683
2017	22,398	2,284	24,682
2018	23,333	1,349	24,682
2019	20,189	382	20,571
	<u>\$ 127,867</u>	<u>\$ 16,116</u>	<u>\$ 143,983</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2013  
April 30, 2013**

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Date of Issue	April 8, 2013
Date of Maturity	April 8, 2016
Original Contract	\$106,094
Interest Rate	3.065%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable to	Libertyville Bank and Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 34,273	\$ 2,813	\$ 37,086
2015	35,354	1,733	37,087
2016	36,467	619	37,086
	<u>\$ 106,094</u>	<u>\$ 5,165</u>	<u>\$ 111,259</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Bonds of 2008**

**April 30, 2013**

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Date of Issue	December 16, 2008
Date of Maturity	December 30, 2023
Authorized Issue	\$7,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% - 4.55%
Interest Dates	June 30 and December 30
Principal Maturity Date	December 30
Payable at	The Bank of New York Mellon Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 340,000	\$ 264,480	\$ 604,480
2015	375,000	250,880	625,880
2016	405,000	235,880	640,880
2017	450,000	217,655	667,655
2018	480,000	197,405	677,405
2019	525,000	175,805	700,805
2020	570,000	152,180	722,180
2021	620,000	126,530	746,530
2022	665,000	98,630	763,630
2023	730,000	68,705	798,705
2024	780,000	35,490	815,490
	<u>\$ 5,940,000</u>	<u>\$ 1,823,640</u>	<u>\$ 7,763,640</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Bonds of 2013**

**April 30, 2013**

Date of Issue	February 27, 2013
Date of Maturity	December 30, 2032
Authorized Issue	\$9,500,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 3.00%
Interest Dates	June 30 and December 30
Principal Maturity Date	June 30 and December 30
Payable at	The Bank of New York Mellon Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 400,000	\$ 202,478	\$ 602,478
2015	365,000	230,767	595,767
2016	375,000	223,417	598,417
2017	385,000	215,868	600,868
2018	395,000	208,118	603,118
2019	410,000	200,118	610,118
2020	420,000	191,343	611,343
2021	435,000	180,780	615,780
2022	445,000	169,842	614,842
2023	460,000	158,593	618,593
2024	475,000	147,030	622,030
2025	490,000	135,030	625,030
2026	500,000	122,473	622,473
2027	515,000	108,586	623,586
2028	530,000	94,355	624,355
2029	545,000	79,711	624,711
2030	565,000	64,586	629,586
2031	580,000	48,769	628,769
2032	595,000	31,950	626,950
2033	615,000	13,950	628,950
	<u>\$ 9,500,000</u>	<u>\$ 2,827,764</u>	<u>\$ 12,327,764</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Alternate Revenue Bonds of 2006A**

**April 30, 2013**

Date of Issue	September 19, 2006
Date of Maturity	November 1, 2026
Authorized Issue	\$2,500,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% - 4.10%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	The Bank of New York Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 105,000	\$ 79,367	\$ 184,367
2015	105,000	75,168	180,168
2016	110,000	70,967	180,967
2017	115,000	66,568	181,568
2018	125,000	61,967	186,967
2019	130,000	56,968	186,968
2020	135,000	51,767	186,767
2021	140,000	46,368	186,368
2022	150,000	40,767	190,767
2023	155,000	34,693	189,693
2024	160,000	28,415	188,415
2025	170,000	21,935	191,935
2026	180,000	14,965	194,965
2027	185,000	7,585	192,585
	<u>\$ 1,965,000</u>	<u>\$ 657,500</u>	<u>\$ 2,622,500</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Alternate Revenue Bonds of 2006B**

**April 30, 2013**

Date of Issue	September 19, 2006
Date of Maturity	November 1, 2026
Authorized Issue	\$5,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% - 4.05%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	The Bank of New York Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Totals
2014	\$ 205,000	\$ 157,565	\$ 362,565
2015	215,000	149,365	364,365
2016	225,000	140,765	365,765
2017	235,000	131,765	366,765
2018	245,000	122,365	367,365
2019	255,000	112,565	367,565
2020	270,000	102,365	372,365
2021	280,000	91,565	371,565
2022	295,000	80,365	375,365
2023	310,000	68,565	378,565
2024	325,000	56,165	381,165
2025	340,000	43,165	383,165
2026	355,000	29,565	384,565
2027	375,000	15,187	390,187
	<u>\$ 3,930,000</u>	<u>\$ 1,301,332</u>	<u>\$ 5,231,332</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Alternate Revenue Bonds of 2011  
April 30, 2013**

Date of Issue	March 15, 2011
Date of Maturity	November 1, 2035
Authorized Issue	\$2,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.75% - 5.50%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	The Bank of New York Trust Company

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ -	\$ 104,460	\$ 104,460
2015	-	104,460	104,460
2016	-	104,460	104,460
2017	-	104,460	104,460
2018	-	104,460	104,460
2019	-	104,460	104,460
2020	-	104,460	104,460
2021	-	104,460	104,460
2022	-	104,460	104,460
2023	-	104,460	104,460
2024	-	104,460	104,460
2025	-	104,460	104,460
2026	-	104,460	104,460
2027	-	104,460	104,460
2028	180,000	104,460	284,460
2029	190,000	95,910	285,910
2030	200,000	86,885	286,885
2031	210,000	76,685	286,685
2032	220,000	65,975	285,975
2033	230,000	54,425	284,425
2034	245,000	42,350	287,350
2035	255,000	28,875	283,875
2036	270,000	14,850	284,850
	<u>\$ 2,000,000</u>	<u>\$ 2,032,855</u>	<u>\$ 4,032,855</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Illinois Environmental Protection Agency (IEPA) Loan Payable - L17-2737  
April 30, 2013**

Date of Issue	June 1, 2006
Date of Maturity	February 21, 2027
Authorized Issue	\$4,021,879
Interest Rate	2.50%
Interest Dates	February 21 and August 21
Principal Maturity Dates	February 21 and August 21
Payable at	Illinois Environmental Protection Agency (IEPA)

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 193,908	\$ 78,958	\$ 272,866
2015	198,785	74,081	272,866
2016	203,786	69,080	272,866
2017	208,913	63,954	272,867
2018	214,168	58,698	272,866
2019	219,556	53,310	272,866
2020	225,078	47,788	272,866
2021	230,741	42,125	272,866
2022	236,546	36,321	272,867
2023	242,496	30,370	272,866
2024	248,596	24,270	272,866
2025	254,851	18,015	272,866
2026	261,261	11,605	272,866
2027	267,834	5,032	272,866
	<u>\$ 3,206,519</u>	<u>\$ 613,607</u>	<u>\$ 3,820,126</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Illinois Environmental Protection Agency (IEPA) Loan Payable - L17-2739  
April 30, 2013**

Date of Issue	September 5, 2010
Date of Maturity	November 6, 2030
Authorized Issue	\$1,224,194
Interest Rate	0.00%
Principal Maturity Dates	May 6 and November 6
Payable at	Illinois Environmental Protection Agency (IEPA)

**CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Totals
2014	\$ 57,720	\$ -	\$ 57,720
2015	57,720	-	57,720
2016	57,720	-	57,720
2017	57,720	-	57,720
2018	57,720	-	57,720
2019	57,720	-	57,720
2020	57,720	-	57,720
2021	57,720	-	57,720
2022	57,720	-	57,720
2023	57,719	-	57,719
2024	57,719	-	57,719
2025	57,719	-	57,719
2026	57,719	-	57,719
2027	57,719	-	57,719
2028	57,719	-	57,719
2029	57,719	-	57,719
2030	57,719	-	57,719
2031	57,719	-	57,719
	<u>\$ 1,038,951</u>	<u>\$ -</u>	<u>\$ 1,038,951</u>

## **STATISTICAL SECTION**

### **(Unaudited)**

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Net Position by Component - Last Nine Fiscal Years\***  
**April 30, 2013 (Unaudited)**

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**See Following Page**

**VILLAGE OF WAUCONDA, ILLINOIS**

**Net Position by Component - Last Nine Fiscal Years\*  
April 30, 2013 (Unaudited)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities</b>			
Net Investment in Capital Assets	\$ 35,696,878	35,263,468	34,832,656
Restricted	1,261,257	1,537,669	4,146,445
Unrestricted	2,465,437	3,222,542	100,002
	<u>39,423,572</u>	<u>40,023,679</u>	<u>39,079,103</u>
<b>Business-Type Activities</b>			
Net Investment in Capital Assets	18,170,244	23,844,675	25,079,272
Restricted	1,725,296	1,725,296	4,853,533
Unrestricted	5,245,468	2,526,091	4,148,245
	<u>25,141,008</u>	<u>28,096,062</u>	<u>34,081,050</u>
<b>Primary Government</b>			
Net Investment in Capital Assets	53,867,122	59,108,143	59,911,928
Restricted	2,986,553	3,262,965	8,999,978
Unrestricted	7,710,905	5,748,633	4,248,247
	<u>64,564,580</u>	<u>68,119,741</u>	<u>73,160,153</u>

\* Accrual Basis of Accounting

The Village implemented GASB No. 34 in 2005.

2008	2009	2010	2011	2012	2013
37,525,240	28,038,504	28,852,485	31,717,303	31,509,783	31,610,586
2,997,731	1,132,600	980,879	1,545,154	1,344,310	963,008
1,334,347	9,414,454	5,609,364	1,492,962	2,467,053	3,175,356
41,857,318	38,585,558	35,442,728	34,755,419	35,321,146	35,748,950
41,773,060	44,835,874	45,071,505	43,292,449	41,675,941	41,413,738
2,034,096	1,256,759	1,145,818	-	-	-
1,038,565	(169,577)	901,591	3,155,979	3,275,563	2,190,222
44,845,721	45,923,056	47,118,914	46,448,428	44,951,504	43,603,960
79,298,300	72,874,378	73,923,990	75,009,752	73,185,724	73,024,324
5,031,827	2,389,359	2,126,697	1,545,154	1,344,310	963,008
2,372,912	9,244,877	6,510,955	4,648,941	5,742,616	5,365,578
86,703,039	84,508,614	82,561,642	81,203,847	80,272,650	79,352,910

VILLAGE OF WAUCONDA, ILLINOIS

Changes in Net Position - Last Nine Fiscal Years\*  
April 30, 2013 (Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>									
<b>Governmental Activities</b>									
General Government	\$ 1,830,775	1,474,234	2,404,457	1,753,709	1,362,095	1,425,904	1,189,017	1,292,508	1,460,969
Public Safety	4,436,856	4,858,204	5,795,597	6,256,080	6,656,536	6,924,793	7,003,926	5,485,258	5,478,483
Public Works	1,361,539	4,967,223	1,674,307	2,203,327	3,679,994	3,737,881	1,866,424	1,799,849	1,838,839
Interest on Long-Term Debt	13,090	196,590	78,017	119,908	151,007	416,091	444,279	348,042	385,206
<b>Total Governmental Activities Expenses</b>	<b>7,642,260</b>	<b>11,496,251</b>	<b>9,952,378</b>	<b>10,333,024</b>	<b>11,849,632</b>	<b>12,504,669</b>	<b>10,503,646</b>	<b>8,925,657</b>	<b>9,163,497</b>
<b>Business-Type Activities</b>									
Waterworks and Sewerage	2,896,861	3,449,585	3,710,969	4,949,912	5,415,441	5,442,592	5,178,981	5,866,011	5,874,271
<b>Total Primary Government Expenses</b>	<b>10,539,121</b>	<b>14,945,836</b>	<b>13,663,347</b>	<b>15,282,936</b>	<b>17,265,073</b>	<b>17,947,261</b>	<b>15,682,627</b>	<b>14,791,668</b>	<b>15,037,768</b>
<b>Program Revenues</b>									
<b>Governmental Activities</b>									
<b>Charges for Services</b>									
General Government	1,200,902	1,226,470	920,002	705,936	606,235	646,450	649,273	701,723	720,774
Public Safety	286,767	332,127	405,891	343,566	360,306	368,652	469,824	384,362	393,769
Capital Grants/Contributions	-	-	-	3,347,941	-	-	-	-	-
Operating Grants/Contributions	464,436	485,238	596,182	769,488	495,395	449,942	529,830	435,360	480,106
<b>Total Governmental Activities Program Revenues</b>	<b>1,952,105</b>	<b>2,043,835</b>	<b>1,922,075</b>	<b>5,166,931</b>	<b>1,461,936</b>	<b>1,465,044</b>	<b>1,648,927</b>	<b>1,521,445</b>	<b>1,594,649</b>
<b>Business-Type Activities</b>									
<b>Charges for Services</b>									
Waterworks and Sewerage	4,169,608	6,144,413	8,320,932	3,393,227	3,678,212	3,991,440	3,918,672	4,092,948	4,174,163
Capital Grants/Contributions	-	-	-	11,524,679	-	-	-	-	-
Operating Grants/Contributions	94,247	34,291	965,446	214,571	75,000	73,000	368,265	-	96,550
<b>Total Business-Type Activities Program Revenues</b>	<b>4,263,855</b>	<b>6,178,704</b>	<b>9,286,378</b>	<b>15,132,477</b>	<b>3,753,212</b>	<b>4,064,440</b>	<b>4,286,937</b>	<b>4,092,948</b>	<b>4,270,713</b>
<b>Total Primary Government Program Revenues</b>	<b>6,215,960</b>	<b>8,222,539</b>	<b>11,208,453</b>	<b>20,299,408</b>	<b>5,215,148</b>	<b>5,529,484</b>	<b>5,935,864</b>	<b>5,614,393</b>	<b>5,865,362</b>

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense) Revenue									
Governmental Activities	\$ (5,690,155)	(9,452,416)	(8,030,303)	(5,166,093)	(10,387,696)	(11,039,625)	(8,854,719)	(7,404,212)	(7,568,848)
Business-Type Activities	1,366,994	2,729,119	5,575,409	10,182,565	(1,662,229)	(1,378,152)	(892,044)	(1,773,063)	(1,603,558)
Total Primary Government Net (Expense) Revenue	<u>(4,323,161)</u>	<u>(6,723,297)</u>	<u>(2,454,894)</u>	<u>5,016,472</u>	<u>(12,049,925)</u>	<u>(12,417,777)</u>	<u>(9,746,763)</u>	<u>(9,177,275)</u>	<u>(9,172,406)</u>
General Revenues and Other Changes in Net Position									
Governmental Activities									
Taxes									
Property	2,205,462	2,435,736	2,634,175	2,966,693	3,149,138	3,878,797	3,931,402	3,986,680	3,991,032
Other	14,706	12,134	13,391	14,237	14,298	18,644	17,822	-	2,465
Sales	1,676,073	1,901,001	1,898,190	1,944,027	1,629,128	1,495,906	1,668,077	1,683,761	1,717,173
Income	658,345	730,817	898,668	1,188,445	1,110,859	972,878	976,160	1,152,528	1,287,081
Replacement tax	24,723	32,093	41,331	42,582	36,162	30,027	37,395	32,313	34,576
Road & Bridge	48,568	51,517	65,168	74,465	36,826	40,504	42,218	30,652	43,404
Utility	674,076	974,105	1,197,293	1,345,776	1,331,733	1,208,526	1,200,867	646,730	554,418
Interest	85,364	251,497	219,555	228,257	92,650	92,961	37,418	3,685	3,767
Miscellaneous	44,249	3,644,666	117,957	117,886	232,253	206,958	209,815	433,590	321,063
Transfers	26,549	18,957	-	21,940	-	(48,406)	46,236	-	41,673
Total Governmental Activities	<u>5,458,115</u>	<u>10,052,523</u>	<u>7,085,728</u>	<u>7,944,308</u>	<u>7,633,047</u>	<u>7,896,795</u>	<u>8,167,410</u>	<u>7,969,939</u>	<u>7,996,652</u>
Business-Type Activities									
Interest	113,778	244,892	409,579	361,515	91,925	32,174	14,928	23,273	2,808
Miscellaneous	-	-	-	242,531	1,219,995	2,200,395	252,866	252,866	294,879
Transfers	(26,549)	(18,957)	-	(21,940)	-	48,406	(46,236)	-	(41,673)
Total Business-Type Activities	<u>87,229</u>	<u>225,935</u>	<u>409,579</u>	<u>582,106</u>	<u>1,311,920</u>	<u>2,280,975</u>	<u>221,558</u>	<u>276,139</u>	<u>256,014</u>
Total Primary Government	<u>5,545,344</u>	<u>10,278,458</u>	<u>7,495,307</u>	<u>8,526,414</u>	<u>8,944,967</u>	<u>10,177,770</u>	<u>8,388,968</u>	<u>8,246,078</u>	<u>8,252,666</u>
Changes in Net Position									
Governmental Activities	(232,040)	600,107	(944,575)	2,778,215	(2,754,649)	(3,142,830)	(687,309)	565,727	427,804
Business-Type Activities	1,454,223	2,955,054	5,984,988	10,764,671	(350,309)	902,823	(670,486)	(1,496,924)	(1,347,544)
Total Primary Government	<u>1,222,183</u>	<u>3,555,161</u>	<u>5,040,413</u>	<u>13,542,886</u>	<u>(3,104,958)</u>	<u>(2,240,007)</u>	<u>(1,357,795)</u>	<u>(931,197)</u>	<u>(919,740)</u>

\* Accrual Basis of Accounting  
The Village implemented GASB No. 34 in 2005.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Fund Balances of Governmental Funds - Last Ten Fiscal Years\***  
**April 30, 2013 (Unaudited)**

	2004	2005	2006
<b>General Fund</b>			
Reserved	\$ 184,015	273,180	290,321
Unreserved	3,170,624	2,596,833	3,391,191
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
	<u>3,354,639</u>	<u>2,870,013</u>	<u>3,681,512</u>
<b>All Other Governmental Funds</b>			
Reserved	36,668	1,084,762	1,346,424
Unreserved, Reported in,			
Special Revenue Funds	581,973	-	-
Debt Service Funds	-	-	-
Capital Projects Funds	2,273,559	-	-
Restricted	-	-	-
Assigned	-	-	-
	<u>2,892,200</u>	<u>1,084,762</u>	<u>1,346,424</u>

\* Modified Accrual Basis of Accounting

Data Source: Village Records

The Village implemented GASB No. 54 in 2012.

2007	2008	2009	2010	2011	2012	2013
302,787	311,278	218,951	244,597	686,502	-	-
2,986,858	3,130,682	9,930,226	6,138,116	2,086,658	-	-
-	-	-	-	-	187,361	271,470
-	-	-	-	-	216,560	121,291
-	-	-	-	-	2,838,289	3,518,855
3,289,645	3,441,960	10,149,177	6,382,713	2,773,160	3,242,210	3,911,616
3,935,105	2,785,082	1,046,834	860,781	1,035,150	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,149,910	870,973
-	-	-	-	-	74,871	74,871
3,935,105	2,785,082	1,046,834	860,781	1,035,150	1,224,781	945,844

**VILLAGE OF WAUCONDA, ILLINOIS**

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years\***  
**April 30, 2013 (Unaudited)**

	2004	2005	2006
<b>Revenues</b>			
Taxes	\$ 2,797,096	2,220,168	2,447,870
Licenses, Permits and Fees	942,117	672,388	669,914
Intergovernmental	2,847,513	3,546,221	4,174,771
Charges for Services	1,038,621	803,286	1,018,198
Fines and Forfeitures	244,494	223,227	257,127
Interest	54,053	85,364	251,497
Miscellaneous	4,779,425	44,249	3,644,666
Total Revenues	<u>12,703,319</u>	<u>7,594,903</u>	<u>12,464,043</u>
<b>Expenditures</b>			
General Government	2,359,259	2,059,122	2,224,982
Public Safety	3,810,664	4,381,467	4,837,857
Public Works	812,510	909,670	1,094,612
Capital Outlay	2,268,603	2,285,000	3,420,806
Debt Service			
Principal Retirement	167,004	137,688	91,667
Interest and Fiscal Charges	30,782	13,090	196,590
Total Expenditures	<u>9,448,822</u>	<u>9,786,037</u>	<u>11,866,514</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,254,497</u>	<u>(2,191,134)</u>	<u>597,529</u>
<b>Other Financing Sources (Uses)</b>			
Debt Issuance	74,478	-	19,500
Premium on Debt Issuance	-	-	-
Disposal of Capital Assets	-	-	437,175
Transfers In	560,547	790,986	736,103
Transfers Out	(560,547)	(764,437)	(717,146)
Total Other Financing Sources (Uses)	<u>74,478</u>	<u>26,549</u>	<u>475,632</u>
Net Change in Fund Balances	<u>3,328,975</u>	<u>(2,164,585)</u>	<u>1,073,161</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>2.75%</u>	<u>2.10%</u>	<u>2.49%</u>

\* Modified Accrual Basis of Accounting  
 Data Source: Village Records

2007	2008	2009	2010	2011	2012	2013
2,647,566	2,980,930	3,163,436	3,897,441	3,949,224	3,986,680	3,991,032
365,487	289,158	219,438	266,547	209,107	251,266	236,244
4,696,832	5,364,783	4,640,103	4,197,783	4,454,547	3,981,344	4,119,223
858,325	990,795	1,048,165	675,173	640,166	469,032	508,605
355,891	343,566	360,306	368,652	469,824	384,362	393,769
219,555	228,257	92,650	92,961	37,418	3,685	3,767
117,957	117,886	232,253	206,958	209,815	433,590	321,063
9,261,613	10,315,375	9,756,351	9,705,515	9,970,101	9,509,959	9,573,703
2,546,359	2,383,867	1,929,351	1,564,788	1,147,524	1,235,684	1,297,106
5,624,124	6,123,533	6,544,396	6,733,932	6,914,200	5,350,381	5,339,644
1,493,757	2,901,622	2,976,800	1,206,675	1,104,073	1,092,006	1,065,988
215	224	157,485	3,357,373	3,569,954	824,347	658,129
33,165	129,828	157,839	374,921	418,738	461,179	578,333
39,529	109,612	120,475	420,724	405,829	396,797	391,801
9,737,149	11,648,686	11,886,346	13,658,413	13,560,318	9,360,394	9,331,001
(475,536)	(1,333,311)	(2,129,995)	(3,952,898)	(3,590,217)	149,565	242,702
2,609,152	275,727	7,022,732	-	110,588	499,416	106,094
-	-	70,061	-	-	-	-
63,199	37,936	6,171	48,787	4,197	9,700	-
848,538	928,440	609,047	642,441	2,040,248	60,267	518,209
(848,538)	(906,500)	(609,047)	(690,847)	(2,000,000)	(60,267)	(476,536)
2,672,351	335,603	7,098,964	381	155,033	509,116	147,767
2,196,815	(997,708)	4,968,969	(3,952,517)	(3,435,184)	658,681	390,469
0.79%	3.53%	2.38%	6.65%	8.26%	10.13%	11.19%

**VILLAGE OF WAUCONDA, ILLINOIS**

**Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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<b>Fiscal Year</b>	<b>Tax Levy Year</b>	<b>Residential Property</b>	<b>Farm</b>	<b>Commercial Property</b>
2004	2003	\$ 198,856,188	\$ 173,751	\$ 26,534,954
2005	2004	221,319,118	160,726	39,399,695
2006	2005	270,557,834	349,469	41,268,039
2007	2006	320,981,009	335,165	41,988,307
2008	2007	344,288,457	321,529	46,857,265
2009	2008	366,957,459	400,909	48,378,963
2010	2009	364,117,221	407,774	47,274,577
2011	2010	341,444,720	399,335	47,248,875
2012	2011	313,623,067	377,131	47,133,115
2013	2012	275,467,702	360,505	45,398,903

Data Source: Office of the County Clerk

Industrial Property	Less: Tax-Exempt Property	Total Estimated Assessed Value	Total Direct Tax Rate
\$ 38,536,594	\$ -	\$ 264,101,487	0.838
43,052,467	-	303,932,006	0.806
43,671,151	-	355,846,493	0.744
44,880,838	-	408,185,319	0.723
47,212,454	-	438,679,705	0.718
47,604,320	-	463,341,651	0.840
48,107,764	-	459,907,336	0.858
47,928,030	-	437,020,960	0.915
46,589,065	-	407,722,378	0.981
43,326,682	-	364,553,792	1.270

**VILLAGE OF WAUCONDA, ILLINOIS**

**Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

	2004	2005	2006
<b>Village Direct Rates</b>			
General	0.160	0.140	0.202
Police Protection	0.110	0.096	0.150
Audit	0.009	0.009	0.007
Tort Immunity	0.030	0.037	0.031
Fire	0.127	0.116	0.103
Ambulance	0.175	0.165	0.147
Street and Bridge	0.014	0.011	0.007
Bond and Interest	-	-	-
IMRF	0.054	0.066	-
Social Security	0.072	0.083	-
Police Pension	0.087	0.083	0.097
<b>Total Direct Rates</b>	<b>0.838</b>	<b>0.806</b>	<b>0.744</b>
<b>Overlapping Rates</b>			
Lake County	0.490	0.465	0.454
Lake County Forest Preserve	0.225	0.219	0.210
Wauconda Park District	0.368	0.354	0.322
Wauconda Library District	0.389	0.375	0.359
Fremont Library District	N/A	N/A	N/A
Unit School District #118	4.401	3.889	4.195
Fremont School District #79	N/A	N/A	N/A
Mundelein High School District #12	N/A	N/A	N/A
Community School District #532	0.201	0.200	0.197
<b>Total Direct and Overlapping Rates</b>	<b>6.912</b>	<b>6.308</b>	<b>6.481</b>

Data Source: Office of the County Clerk

Note: Rates are per \$1,000 of Assessed Value  
Overlapping property tax rates are not available for all fiscal years.

2007	2008	2009	2010	2011	2012	2013
0.099	0.176	0.168	0.429	0.438	0.438	0.438
0.135	0.129	0.118	0.141	0.150	0.181	0.209
0.006	0.007	0.007	0.008	0.008	0.009	0.010
0.024	0.001	0.027	0.034	0.042	0.045	0.052
0.094	0.151	0.143	0.001	-	-	-
0.133	0.151	0.143	0.001	-	-	-
-	-	-	-	0.002	0.002	0.003
-	-	0.116	0.121	0.132	0.146	0.335
0.061	-	0.011	0.009	0.012	0.013	0.039
0.073	-	0.011	0.017	0.019	0.020	0.034
0.098	0.103	0.096	0.097	0.112	0.127	0.150
0.723	0.718	0.840	0.858	0.915	0.981	1.270
0.450	0.444	0.453	0.464	0.505	0.554	0.608
0.204	0.201	0.199	0.200	0.198	0.201	0.212
0.311	0.312	0.311	0.317	0.331	0.360	0.418
0.339	0.335	0.337	0.342	0.369	0.412	0.474
N/A	N/A	N/A	N/A	N/A	0.381	0.430
4.076	4.025	4.116	4.228	4.802	5.363	6.296
N/A	N/A	N/A	N/A	N/A	2.937	3.267
N/A	N/A	N/A	N/A	N/A	2.165	2.439
0.195	0.192	0.190	0.200	0.218	0.240	0.272
6.298	6.227	6.446	6.609	7.338	13.594	15.686

**VILLAGE OF WAUCONDA, ILLINOIS**

**Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago  
April 30, 2013 (Unaudited)**

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Fidelitone Inc	\$ 2,143,112	1	0.59%	\$ N/A	N/A	N/A
Inland Wauconda Crossings	2,113,607	2	0.58%	N/A	N/A	N/A
RGP-LP - Library Square	1,845,058	3	0.51%	N/A	N/A	N/A
Wauconda Health Care	1,831,858	4	0.50%	N/A	N/A	N/A
Denmar V	1,637,518	5	0.45%	N/A	N/A	N/A
Synergy Flavors, Inc	1,587,938	6	0.44%	N/A	N/A	N/A
Wauconda Shopping Plaza	1,573,176	7	0.43%	N/A	N/A	N/A
Lemoyne Associates	1,376,963	8	0.38%	N/A	N/A	N/A
K-Wall Corporation	1,079,053	9	0.30%	N/A	N/A	N/A
Liberty Arms LLC	1,033,230	10	0.45%	N/A	N/A	N/A
	<u>16,221,513</u>		<u>4.63%</u>	<u>N/A</u>		<u>N/A</u>

Data Source: Office of the County Clerk

Note: Information regarding principal property tax payers is not available for nine fiscal years ago.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Property Tax Levies and Collections - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	2003	\$ 2,212,008	\$ 2,201,792	99.54%	\$ -	\$ 2,201,792	99.54%
2006	2004	2,331,073	2,314,333	99.28%	4,889	2,319,222	99.49%
2007	2005	2,622,587	2,169,039	82.71%	-	2,169,039	82.71%
2008	2006	2,951,180	2,951,146	100.00%	-	2,951,146	100.00%
2009	2007	3,149,720	3,149,137	99.98%	-	3,149,137	99.98%
2010	2008	3,892,070	3,878,797	99.66%	-	3,878,797	99.66%
2011	2009	3,946,005	3,931,402	99.63%	-	3,931,402	99.63%
2012	2010	3,998,742	3,986,681	99.70%	-	3,986,681	99.70%
2013	2011	3,999,757	3,991,031	99.78%	-	3,991,031	99.78%
2014	2012	4,629,833	-	0.00%	-	-	0.00%

Data Source: Office of the County Clerk

Note: The 2012 Levy is not collected until fiscal year 2014.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Fiscal Year	Governmental Activities		
	General Obligation Bonds	Alternate Revenue Bonds	Installment Contracts
2004	\$ -	\$ 169,204	\$ 190,933
2005	68,527	68,527	153,922
2006	-	-	150,282
2007	-	2,500,000	226,269
2008	-	2,420,000	452,168
2009	7,000,000	2,335,000	402,061
2010	6,780,000	2,250,000	332,140
2011	6,530,000	2,160,000	363,990
2012	6,250,000	2,065,000	777,227
2013	5,940,000	1,965,000	714,988

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
Installment Contracts	Alternate Revenue Bonds	IEPA Loan			
\$ -	\$ -	\$ -	\$ 360,137	0.07%	\$ 38.12
-	-	-	222,449	0.04%	23.54
-	-	2,161,814	2,312,096	0.42%	244.72
20,608	5,000,000	3,404,695	11,151,572	2.04%	1,180.31
249,489	4,840,000	4,054,263	12,015,920	2.20%	883.33
321,410	4,670,000	3,935,720	11,664,191	2.14%	1,234.57
904,521	4,495,000	4,548,539	12,530,200	2.29%	1,326.23
768,492	4,315,000	4,436,105	12,043,587	2.99%	954.78
748,116	6,106,161	4,229,650	13,926,154	3.42%	1,023.76
589,155	5,930,000	4,245,470	13,444,613	3.30%	988.36

**VILLAGE OF WAUCONDA, ILLINOIS**

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Totals	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2004	\$ -	\$ 36,668	\$ -	0.00%	\$ -
2005	68,527	2,044	66,483	0.02%	7.04
2006	-	1,040	-	0.00%	-
2007	-	1,043	-	0.00%	-
2008	-	1,046	-	0.00%	-
2009	7,000,000	27,525	6,972,475	1.50%	737.98
2010	6,780,000	8,763	6,771,237	1.47%	536.80
2011	6,530,000	15,112	6,514,888	1.49%	516.48
2012	6,250,000	22,160	6,227,840	1.53%	457.83
2013	5,940,000	29,256	5,910,744	1.62%	434.52

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Schedule of Direct and Overlapping Governmental Activities Debt  
April 30, 2013 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to Village (1)	Village's Share of Debt
Village	\$ 8,619,988	100.000%	\$ 8,619,988
Overlapping Debt			
Lake County	81,055,000	1.490%	1,207,720
Lake County Forest Preserve	290,385,000	1.490%	4,326,737
Wauconda Park District	48,045	100.000%	48,045
Fremont Public Library District	4,400,000	5.877%	258,588
Wauconda Library District	575,000	49.029%	281,917
Grade School District #79	25,170,000	8.267%	2,080,804
High School District #120	11,460,547	5.033%	576,809
Unit School District #118	76,111,279	49.227%	37,467,299
Community School District #532	19,510,000	1.570%	306,307
Total Overlapping Debt	508,714,871		46,554,225
Total Direct and Overlapping Debt	517,334,859		55,174,213

Data Source: Cook County Tax Extension Department

(1) Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation of property subject to taxation in overlapping unit.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Schedule of Legal Debt Margin - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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	<u>2004</u>	<u>2005</u>	<u>2006</u>
Legal Debt Limit	\$ 22,778,753	26,214,136	30,691,799
Total Net Debt Applicable to Limit	<u>169,204</u>	<u>68,527</u>	<u>-</u>
Legal Debt Margin	<u>22,609,549</u>	<u>26,145,609</u>	<u>30,691,799</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>0.74%</u>	<u>0.26%</u>	<u>0.00%</u>

Data Source: Village Records

2007	2008	2009	2010	2011	2012	2013
35,205,984	37,823,612	39,963,217	39,667,008	37,693,058	35,166,055	31,442,765
7,500,000	7,260,000	7,728,471	7,981,661	7,607,482	9,715,343	16,744,143
27,705,984	30,563,612	32,234,746	31,685,347	30,085,576	25,450,712	14,698,622
21.30%	19.19%	19.34%	20.12%	20.18%	27.63%	53.25%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	<u>\$ 364,553,792</u>
Bonded Debt Limit - 8.625% of Assessed Value	31,442,765
Amount of Debt Applicable to Limit	<u>16,744,143</u>
Legal Debt Margin	<u>14,698,622</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Pledged-Revenue Coverage - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

Fiscal Year	Waterworks and Sewerage IEPA Revenue Bonds						Coverage (4)
	Operating Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue (3)	Debt Service			
				Principal	Interest		
2004	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	
2005	N/A	N/A	N/A	N/A	N/A	N/A	
2006	3,353,210	2,653,304	699,906	-	10,729	65.23	
2007	3,149,956	2,866,002	283,954	-	99,626	2.85	
2008	3,154,642	3,835,493	(680,851)	-	222,209	(3.06)	
2009	3,226,724	3,997,340	(770,616)	160,079	303,193	(1.66)	
2010	3,553,554	3,987,139	(433,585)	175,564	348,544	(0.83)	
2011	3,909,199	3,581,756	327,443	179,980	92,886	1.20	
2012	4,091,078	3,982,446	108,632	206,455	88,358	0.37	
2013	4,171,313	4,016,824	154,489	233,043	83,754	0.49	

(1) As defined in applicable bond indentures and governing laws - includes charges for services in Waterworks and Sewerage Fund.

(2) Total expenses exclusive of depreciation and bond interest.

(3) Gross revenues minus expenses.

(4) Net revenue available for debt service divided by total debt requirements.

N/A - Information not Available

## VILLAGE OF WAUCONDA, ILLINOIS

### Demographic and Economic Statistics - Last Ten Fiscal Years April 30, 2013 (Unaudited)

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Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2004	9,448	\$ 546,141,640	\$ 57,805	4.30%
2005	9,448	546,141,640	57,805	3.90%
2006	9,448	546,141,640	57,805	3.60%
2007	9,448	546,141,640	57,805	4.00%
2008	9,448	546,141,640	57,805	5.60%
2009	9,448	546,141,640	57,805	8.30%
2010	12,614	402,941,616	31,944	10.30%
2011	13,603	448,314,071	32,957	10.60%
2012	13,603	407,028,966	29,922	11.20%
2013	13,603	407,028,966	29,922	7.20%

Data Source: Illinois Department of Employment Security (IDES)

**VILLAGE OF WAUCONDA, ILLINOIS**

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago  
April 30, 2013 (Unaudited)**

Employer	2013			2004		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Wauconda Cmty Sch Dist 118	650	1	6.65%	N/A	N/A	N/A
Fidelitone, Inc	300	2	3.07%	N/A	N/A	N/A
Acres Group	249	3	2.55%	N/A	N/A	N/A
Stack-On Products	209	4	2.14%	N/A	N/A	N/A
Wauconda Health Care & Rehab	200	5	2.05%	N/A	N/A	N/A
Countryside Industries	200	6	2.05%	N/A	N/A	N/A
Jewl-Osco	150	7	1.53%	N/A	N/A	N/A
Berger Excavating	115	7	1.18%	N/A	N/A	N/A
Synergy Flavors	79	8	0.81%	N/A	N/A	N/A
Wauconda Fire District	68	9	0.70%	N/A	N/A	N/A
Nelson Insulation	55	10	0.56%	N/A	N/A	N/A
	<u>2,275</u>		<u>23.29%</u>	<u>N/A</u>		<u>N/A</u>

Data Source: Village Community Development Department Records and U.S. Census Bureau

Note: Information for principal employers for nine fiscal years ago is not available.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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**See Following Page**

**VILLAGE OF WAUCONDA, ILLINOIS**

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

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	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Government			
Administration	7	7	7
Building Department	6	6	8
Environmental	1	2	3
Economic Development	-	-	-
Public Safety			
Police	35	35	36
Public Works			
Highways and Streets	8	8	8
Waterworks and Sewerage	<u>10</u>	<u>10</u>	<u>14</u>
Total	<u>67</u>	<u>68</u>	<u>76</u>

Data Source: Various Village Departments

2007	2008	2009	2010	2011	2012	2013
7	9	8	6	5	5	5
8	8	6	1	1	2	2
3	3	2	-	-	-	-
-	-	-	-	1	1	1
39	41	37	37	37	37	38
8	9	11	9	9	9	6
16	16	12	13	13	14	15
81	86	76	66	66	68	67

**VILLAGE OF WAUCONDA, ILLINOIS**

**Operating Indicators by Function/Program - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

	2004	2005	2006
<b>General Government</b>			
Business Licenses	N/A	N/A	137
Tobacco Licenses	N/A	N/A	22
Liquor Licenses	N/A	N/A	26
<b>Public Safety</b>			
Police			
Part I Crimes	58	96	103
Part II Crimes	3,808	4,807	5,252
Parking Violations	422	769	1,397
<b>Public Works</b>			
Parkway Trees Planted	17	67	63
Parkway Trees Trimmed	N/A	200	132
Street Resurfacing (Miles)	N/A	N/A	N/A
<b>Waterworks and Sewerage</b>			
Number of Metered Accounts	3,923	4,405	4,771
Number of Hydrants Flushed/Inspected	175	102	N/A
New Connections	164	482	366
Water Mains Breaks	6	7	15
Water Average Daily Consumption (Thousands of Gallons)	1,059,060	1,151,394	1,080,621
Average Daily Sewage Treatment (Thousands of Gallons)	1,578,000	1,706,000	1,720,000

Data Source: Various Village Departments

N/A - Information not Available

2007	2008	2009	2010	2011	2012	2013
127	138	126	119	119	133	125
20	22	14	15	17	19	14
25	29	30	30	31	35	35
62	N/A	204	226	196	340	169
4,995	N/A	6,072	6,521	6,251	6,150	6,308
1,174	1,056	1,332	1,449	1,177	978	810
34	44	-	35	-	23	32
256	764	700	113	750	800	275
N/A	0.47	5.50	5.40	6.00	1.00	1.25
5,339	5,538	5,896	5,921	6,116	6,253	6,304
55	417	2	211	256	317	279
568	199	64	50	43	39	51
5	9	6	12	17	11	7
1,256,216	1,316,444	1,408,000	943,243	1,135,000	1,127,000	1,121,000
1,428,000	1,523,000	1,500,000	1,472,000	1,510,000	1,458,000	1,437,000

**VILLAGE OF WAUCONDA, ILLINOIS**

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years  
April 30, 2013 (Unaudited)**

	2004	2005	2006
<b>Public Safety</b>			
<b>Police</b>			
Stations	N/A	N/A	N/A
Area Patrols	N/A	N/A	N/A
<b>Public Works</b>			
Streets (Miles)	N/A	N/A	N/A
Streetlights	N/A	N/A	N/A
<b>Waterworks and Sewerage</b>			
Water Mains (Miles)	11	2	2
Fire Hydrants Total	696	720	793
Fire Hydrants	53	63	24
Sanitary Sewers (Miles)	1	N/A	N/A
Storm Sewers (Miles)	N/A	N/A	N/A

Data Source: Various Village Departments

N/A - Information not Available

2007	2008	2009	2010	2011	2012	2013
N/A	1	1	1	1	1	1
N/A	3	N/A	21	19	19	19
N/A	9	-	70	73	73	73
N/A	N/A	-	556	556	556	556
2	1	-	70	70	70	70
917	N/A	567	924	952	952	952
73	124	-	N/A	N/A	N/A	-
N/A	10	29	60	60	60	60
N/A	10	-	20	20	20	20