

**VILLAGE OF WAUCONDA, ILLINOIS**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
APRIL 30, 2014**

**VILLAGE OF WAUCONDA, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**  
**APRIL 30, 2014**

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, 2014**

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**VILLAGE OF WAUCONDA**

**LEGISLATIVE**

Frank A. Bart, Mayor

Village Board of Trustees

Teri Burke

Ken Arnswald

Lincoln Knight

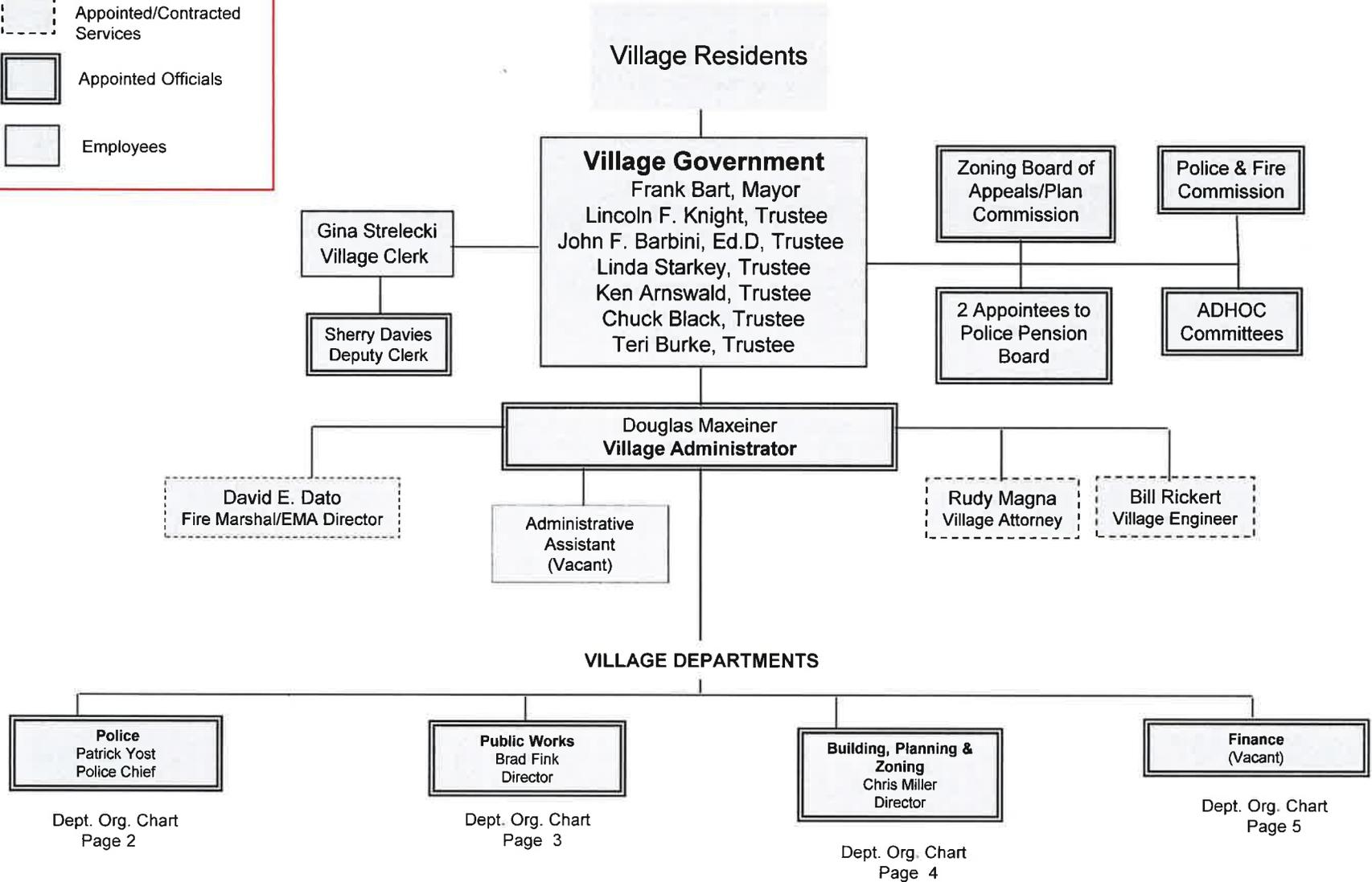
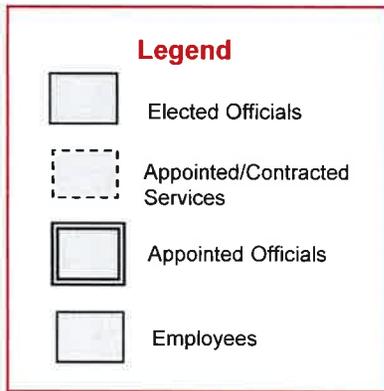
Chuck Black

Linda Starkey

John Barbini

Gina Strelecki, Village Clerk

# Village of Wauconda Management Chart 2014





September 29, 2014

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, 2014 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 unmodified (clean) opinion on the Village of Wauconda's financial statements for fiscal year ended April 30, 2014. The independent auditor's report is presented at the front of the financial section of this report.

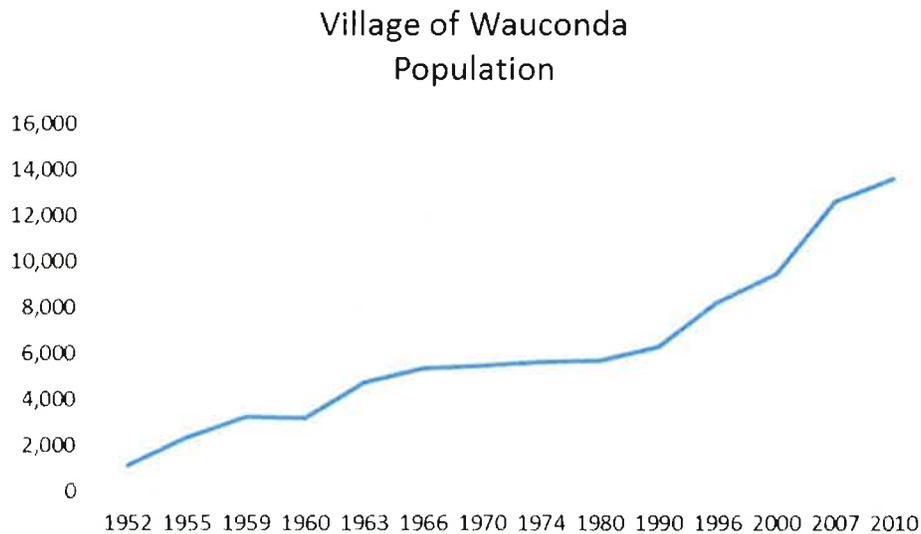
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statement.

### **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 file an Appropriation Ordinance each fiscal year. This Appropriation Ordinance is based upon a budget prepared and approved each fiscal year. The budget services as the spending plan for the Village of Wauconda.

### Local Economy

The Village of Wauconda has been diligent in taking measures to address the challenges that this recovering but uncertain economy has to offer. This uncertainty affects the Village in many areas such as real estate and new business opportunities. The Village continues to experience declining property values as exhibited by the decline in assessed values over the past several years. In addition, the Village continues to experience a rate of property foreclosures higher than the historical average. However, these negative trends are slowing as the region recovers in the wake of the Great Recession and the Village has been able to maintain service levels to the community.

The General Fund once again had a successful year from higher than expected revenues and spending well below budgeted levels. Prior to a transfer to the Water/Sewer Fund of \$1,600,000, the General Fund balance increased from \$3,911,616 to \$4,648,968. During the 2013/14 fiscal year, the Village Board approved the transfer of \$1.6 million to the Water/Sewer Fund to assist in efforts to obtain Lake Michigan water for the community. At the same time, the Board amended the General Fund reserve policy to target three months of budgeted revenues as the end of year reserve. Following the transfer to the Water/Sewer Fund, the General Fund reserve totaled \$3,048,968 representing a reserve level of 37.8% which remains higher than the reserve level of 25% established by policy.

With the Village subject to property tax caps, property tax revenues from year to year are relatively flat. Tax caps limit levy growth, exclusive of new construction or annexed property, to 5% or the rate of inflation whichever is less. The rate of inflation for the 2012 year (levied in 2013) was 1.6%. The Village collected \$3.4 million for police pension and the General Fund in FY 2013/14. Sales tax revenues produce the second largest amount for the General Fund totaling \$1.8 million in FY 2013/14, up 6% over the prior year. The other main generator of General Fund revenues is income tax shared with the Village by the State of Illinois. Income tax revenues increased just under 1% when compared to the prior year and totaled \$1.3 million. Overall, General Fund revenues increased \$193,325 when compared to the 2012/13 fiscal year but exceeded budgeted revenues by \$560,840 (6.8%).

General Fund spending, budgeted at \$8.9 million, amounted to just under \$8.1 million. This underspending was attributable primarily to employee turnover and extended vacancies in several positions along with the postponement of a number of capital projects. These positive results were tempered by ongoing financial constraints impacting nearly all local governments including increasing pension, health insurance and liability insurance costs. Police pension costs in particular will weigh heavily on future budgets. In addition, the list of capital improvement projects continues to grow larger and will need to be addressed sooner rather than later.

In FY 2013/14, the Water/Sewer Fund reversed a multi-year trend of operating losses showing operating income of \$195,249. This reversal follows operating losses of \$1.4 million, \$970,000, and \$1.3 million in fiscal years 2010/11, 2011/12, and 2012/13 respectively. Charges for service in FY 2013/14 reached 99.6% of the budgeted amount totaling \$4,676,648 despite foregoing the annual rate increase called for in the Village Code. With respect to expenses, the Water/Sewer Fund spent \$881,840 less than budgeted due to careful monitoring of expenses and shifting allocations for some personnel costs out of the Water/Sewer Fund. After adding in non-operating revenues and the previously mentioned \$1.6 million transfer from the General Fund, the positive change in net position for the fund was \$2.1 million.

## **Major Initiatives**

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

RHMG Engineers, Inc. prepared a Water Distribution System Model and Analysis Report that identified a number of necessary improvements to the Village's internal water distribution system to prepare for the delivery of Lake Michigan Water. Because the proposed improvements are extensive and widespread it was recommended to implement the design and construction in phases. At the September 27, 2013 Regular Village Board meeting, the Board awarded the contract for the design of Internal Lake Michigan Water Improvements – Phase 1 for an amount not to exceed \$214,945. Revenues from the sale of the 2013 General Obligation Bonds funded the Phase I design.

### ***Lift Station #3***

In the spring of 2013, Lift Station #3 (located on Ridge Street) backed up on numerous occasions requiring Public Works to bypass the station. Staff requested the assistance of RHMG Engineers, Inc. to evaluate current conditions and provide a recommendation for improvements to the station. The subsequent findings were presented to the Public Works Committee on October 22, 2013.

At the January 21, 2014 regular Village Board meeting, the Board awarded the construction contract for the capacity expansion of Lift Station #3 for an amount not to exceed \$148,500. The improvements were completed in April of 2014.

### ***2013 MFT Street Improvement Program***

As part of the Village's pavement preservation efforts Public Works selected a number streets to be included in the 2013 MFT Street Improvement Program. Based on an 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 Grant Street, Lincoln Avenue, North Avenue, Lotus Street, Hammond Street, Adams Alley, Route 176 & Main Street, Route 176 & Ridge Road, Clearview Avenue, Woodland Avenue, Karl Court, Hollow Hill Drive, Slocum Lake Drive and Gossell and Northwoods intersection. Funding for this project consisted of \$406,816 from MFT.

### ***Year 12 National Pollutant Discharge Elimination System (NPDES)***

Polluted storm water runoff is commonly transported through Municipal Storm Sewer Systems from which it is discharged untreated into local streams, lakes and rivers. 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. A 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 11 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 (CAFR). 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,



Douglas K. Maxeiner  
Village Administrator



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, 2013**

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 29, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2014, 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*

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

*Other Information*

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, 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 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic 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, 2014

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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, 2014. 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 decreased by \$1,290,085, or 3.6 percent and net position of business-type activities increased by \$2,136,710, or 4.9 percent.
- During the year, government-wide revenues for the primary government totaled \$15,404,745, while expenses totaled \$14,558,120, resulting in an increase to net position of \$846,625.
- The Village's net position totaled \$80,199,535 on April 30, 2014, which includes \$72,517,420 net investment in capital assets, \$1,328,977 subject to external restrictions, and \$6,353,138 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a deficit in the current year of \$862,648, resulting in an ending fund balance of \$3,048,968, a decrease of 22.1 percent, as monies have been set aside, from reserves in excess of reserve policies, 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, 2014

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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, 2014

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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 schedule 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 - 59 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, as well as budgetary comparison scheduled for the General and Motor Fuel Tax Funds. Required supplementary information can be found on pages 60 - 64 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 65 - 75 of this report.

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2014

### 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 \$80,199,535.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 8,381,329	9,915,673	15,127,495	12,818,838	23,508,824	22,734,511
Capital Assets	39,604,105	40,230,574	51,001,597	52,178,363	90,605,702	92,408,937
Total Assets	47,985,434	50,146,247	66,129,092	64,997,201	114,114,526	115,143,448
Long-Term Debt	8,068,418	8,567,606	18,298,729	19,294,964	26,367,147	27,862,570
Other Liabilities/Deferred Inflows	5,458,151	5,829,691	2,089,693	2,098,277	7,547,844	7,927,968
Total Liabilities/Deferred Inflows	13,526,569	14,397,297	20,388,422	21,393,241	33,914,991	35,790,538
Net Position						
Net Investment in Capital Assets	31,546,949	31,610,586	40,970,471	41,413,738	72,517,420	73,024,324
Restricted	1,328,977	963,008	-	-	1,328,977	963,008
Unrestricted	1,582,939	3,175,356	4,770,199	2,190,222	6,353,138	5,365,578
Total Net Position	34,458,865	35,748,950	45,740,670	43,603,960	80,199,535	79,352,910

A large portion of the Village's net position, \$72,517,420 or 90.4 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, \$1,328,977 or 1.7 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 7.9 percent, or \$6,353,138, 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, 2014

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	2014	2013
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,102,601	1,114,543	4,682,648	4,174,163	5,785,249	5,288,706
Operating Grants/Contrib.	425,096	480,106	-	96,550	425,096	576,656
General Revenues						
Property Taxes	4,017,239	3,991,032	610,447	-	4,627,686	3,991,032
Sales Taxes	1,820,763	1,717,173	-	-	1,820,763	1,717,173
Income Taxes	1,299,065	1,287,081	-	-	1,299,065	1,287,081
Replacement Taxes	35,775	34,576	-	-	35,775	34,576
Road and Bridge Taxes	41,778	43,404	-	-	41,778	43,404
Utility Taxes	562,235	554,418	-	-	562,235	554,418
Other General Revenues	472,131	327,295	334,967	297,687	807,098	624,982
Total Revenues	9,776,683	9,549,628	5,628,062	4,568,400	15,404,745	14,118,028
<b>Expenses</b>						
General Government	1,663,559	1,460,969	-	-	1,663,559	1,460,969
Public Safety	5,453,326	5,478,483	-	-	5,453,326	5,478,483
Public Works	1,998,821	1,838,839	-	-	1,998,821	1,838,839
Interest on Long-Term Debt	363,829	385,206	-	-	363,829	385,206
Waterworks and Sewerage	-	-	5,078,585	5,874,271	5,078,585	5,874,271
Total Expenses	9,479,535	9,163,497	5,078,585	5,874,271	14,558,120	15,037,768
Change in Net Position						
Before Transfers	297,148	386,131	549,477	(1,305,871)	846,625	(919,740)
Transfers	(1,587,233)	41,673	1,587,233	(41,673)	-	-
Change in Net Position	(1,290,085)	427,804	2,136,710	(1,347,544)	846,625	(919,740)
Net Position-Beginning	35,748,950	35,321,146	43,603,960	44,951,504	79,352,910	80,272,650
Net Position-Ending	34,458,865	35,748,950	45,740,670	43,603,960	80,199,535	79,352,910

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2014

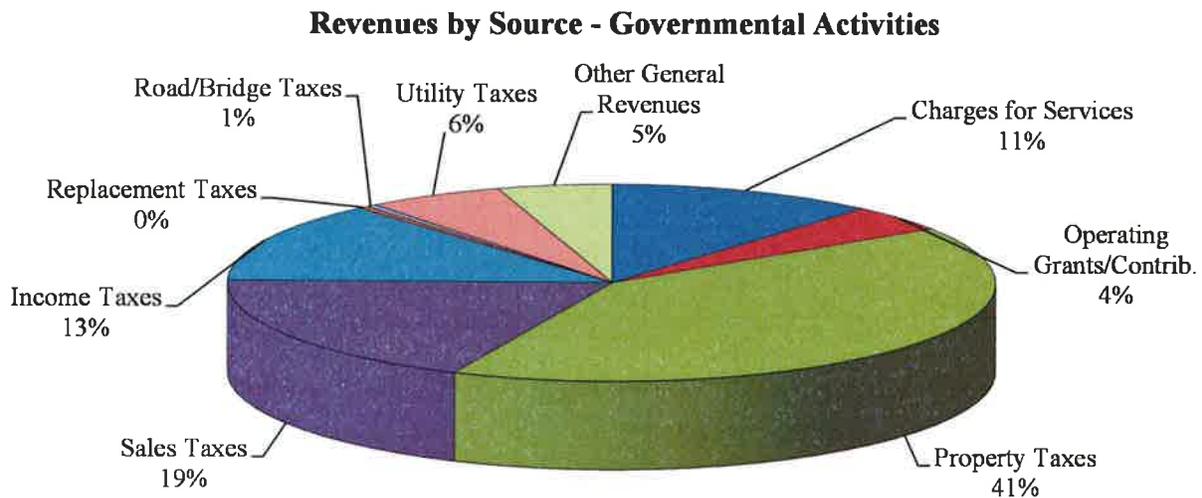
### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Total net position of the Village increased by 1.1 percent (\$79,352,910 in 2013 compared to \$80,199,535 in 2014). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$6,353,138 at April 30, 2014.

#### Governmental Activities

Revenues for governmental activities totaled \$9,776,683, an increase of \$227,055, while the cost of all governmental functions totaled \$9,479,535, an increase of \$316,038. This results in a surplus of \$297,148 before transfers to the Waterworks and Sewerage Fund of \$1,587,233. The Village experienced a large increase in income tax revenue of \$103,590 and significant reductions in expenses exclusive of the transfer to the Waterworks and Sewerage Fund for future capital projects.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes, sales taxes, and income 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 \$316,038 for the year. Expenses in the general government and public works functions both increased during the year (\$202,590 and \$159,982, respectively) while the public safety and interest on long-term debt functions decreased (\$25,157 and \$21,377, respectively) due to personnel turnover and vacancies and outstanding debt decreasing resulting in lower interest expense.

# VILLAGE OF WAUCONDA, ILLINOIS

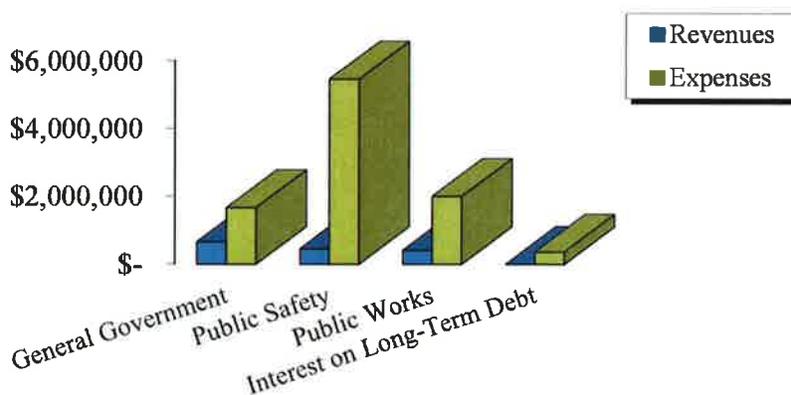
## Management's Discussion and Analysis April 30, 2014

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

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

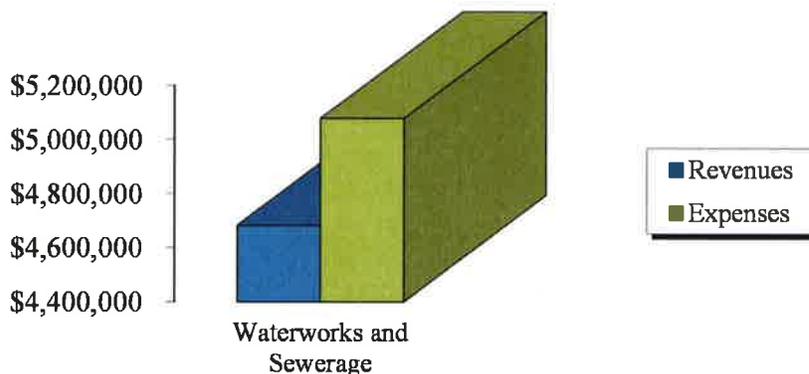
**Expenses and Program Revenues by Function -  
Governmental Activities**



#### Business-Type activities

Business-Type activities reported total revenues of \$5,628,062, while the cost of all business-type activities totaled \$5,078,585. This results in a surplus of \$549,477 before net transfers from the General Fund of \$1,587,233. In the current year the Village implemented a four percent increase in utility rates charged to users. Net operating income of \$195,249 in 2014 reverses a multi-year deficit trend.

**Expenses and Program Revenues - Business-Type  
Activities**



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

# VILLAGE OF WAUCONDA, ILLINOIS

## Management's Discussion and Analysis April 30, 2014

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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 \$3,719,748, which is \$1,137,712, or 23.4 percent, lower than last year's total of \$4,857,460. Of the \$3,719,748 total, \$2,060,522, or approximately 55.4 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a deficit for the year of \$862,648, a decrease of 22.1 percent. Actual revenues exceeded budgeted revenues by \$560,840. Expenditures, exclusive of transfers, were \$818,862 below budget. In total, General Fund revenues exceeded expenditures by \$699,637, excluding transfers. A one-time transfer of \$1.6 million from reserves, in excess of the reserve policy, was approved by the Board for future capital projects.

The General Fund is the chief operating fund of the Village. At April 30, 2014, the unassigned fund balance in the General Fund was \$2,060,522, which represents 67.6 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 25.5 percent of total General Fund expenditures.

The Motor Fuel Tax Fund reported a deficit of \$280,827 in the current year due to a budgeted deficit of \$490,868 due to a smaller transfer to the General Fund for capital projects. The ending fund balance for the Motor Fuel Tax Fund amounted to \$560,890.

The Debt Service Fund reported an increase in fund balance of \$5,762 as a result of an increase in collected revenue. The Debt Service fund balance of \$35,018 will be used to finance future debt service payments.

The Capital Projects Fund reported a minimal change of \$1. The Capital Projects fund balance of \$74,872 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, 2014

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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 surplus in the Waterworks and Sewerage Fund during the current fiscal year was \$2,136,710 and includes a transfer of \$1.6 million from the General Fund to be used for future capital projects. The surplus, exclusive of the transfer, reverses a multi-year deficit trend.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Village Board made one budget amendment to the General Fund during the year. General Fund actual revenues for the year totaled \$8,767,044, compared to budgeted revenues of \$8,206,204. The Village budgeted conservatively for intergovernmental revenues, but actual revenues of \$3,845,527 were \$210,097 over budget due to an increases in sales tax and video gaming revenues during the year.

The General Fund actual expenditures for the year were \$818,862 lower than budgeted (\$8,067,407 actual compared to \$8,886,269 budgeted). General Government and public safety functions were 5.8% under budget due primarily to personnel turnover and vacancies and deferred capital projects on equipment.

#### 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, 2014 was \$90,605,702 (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	
	2014	2013	2014	2013	2014	2013
Land	\$ 19,273,009	19,273,009	-	-	19,273,009	19,273,009
Construction in Progress	430,914	5,889,205	2,583,599	9,145,967	3,014,513	15,035,172
Land Improvements	154,704	177,957	74,091	79,579	228,795	257,536
Buildings	1,487,631	1,547,827	23,186,498	23,814,068	24,674,129	25,361,895
Machinery and Equipment	928,400	1,084,879	1,924,995	2,251,435	2,853,395	3,336,314
Infrastructure	17,329,447	12,257,697	23,232,414	16,887,314	40,561,861	29,145,011
Total	39,604,105	40,230,574	51,001,597	52,178,363	90,605,702	92,408,937

**VILLAGE OF WAUCONDA, ILLINOIS**

**Management's Discussion and Analysis  
April 30, 2014**

**CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued**

**Capital Assets – Continued**

This year's major additions included:

Governmental Activities		Business-Type Activities	
Machinery and Equipment	\$ 56,115	Construction in Progress	\$ 344,389
Infrastructure	<u>390,216</u>	Infrastructure	<u>2</u>
	<u>446,331</u>		<u>344,391</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 \$27,300,392 as compared to \$28,884,613 the previous year. The decrease was due to 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	
	2014	2013	2014	2013	2014	2013
Alternate Revenue Bonds	\$ 1,860,000	1,965,000	5,725,000	5,930,000	7,585,000	7,895,000
General Obligation Bonds	5,600,000	5,940,000	9,100,000	9,500,000	14,700,000	15,440,000
IEPA Loan	-	-	3,993,843	4,245,470	3,993,843	4,245,470
Installment Contracts	597,156	714,988	424,393	589,155	1,021,549	1,304,143
<b>Total</b>	<u>8,057,156</u>	<u>8,619,988</u>	<u>19,243,236</u>	<u>20,264,625</u>	<u>27,300,392</u>	<u>28,884,613</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 \$29,274,903.

Additional information on the Village's long-term debt can be found in Note 3 on pages 36 - 45 of this report.

## **VILLAGE OF WAUCONDA, ILLINOIS**

### **Management's Discussion and Analysis April 30, 2014**

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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 2015 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 five 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.

#### **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, 2014**

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**See Following Page**

VILLAGE OF WAUCONDA, ILLINOIS

Statement of Net Position  
April 30, 2014

	Governmental Activities	Business- Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 2,718,146	\$ 13,911,276	\$ 16,629,422
Receivables - Net of Allowances			
Property Taxes	4,158,303	599,509	4,757,812
Other Taxes	970,454	-	970,454
Accounts	108,954	666,710	775,664
Internal Balances	50,000	(50,000)	-
Prepays/Inventories	220,359	-	220,359
Restricted Cash and Investments	155,113	-	155,113
Total Current Assets	<u>8,381,329</u>	<u>15,127,495</u>	<u>23,508,824</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	19,703,923	2,583,599	22,287,522
Depreciable	36,584,303	68,991,027	105,575,330
Accumulated Depreciation	(16,684,121)	(20,573,029)	(37,257,150)
Total Noncurrent Assets	<u>39,604,105</u>	<u>51,001,597</u>	<u>90,605,702</u>
Total Assets	<u>47,985,434</u>	<u>66,129,092</u>	<u>114,114,526</u>

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

	Governmental Activities	Business- Type Activities	Totals
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 159,892	\$ 211,032	\$ 370,924
Accrued Payroll	201,785	52,064	253,849
Accrued Interest Payable	121,211	218,371	339,582
Deposits Payable	141,602	9,165	150,767
Current Portion of Long-Term Debt	675,359	999,552	1,674,911
Total Current Liabilities	1,299,849	1,490,184	2,790,033
<b>Noncurrent Liabilities</b>			
Compensated Absences Payable	277,406	44,036	321,442
Net Pension Obligation Payable	303,517	-	303,517
Net Other Post-Employment Benefit Payable	36,346	-	36,346
Installment Contracts Payable	471,149	272,355	743,504
General Obligation Bonds Payable	5,225,000	8,735,000	13,960,000
Alternate Revenue Bonds Payable	1,755,000	5,510,000	7,265,000
IPEA Loans Payable	-	3,737,338	3,737,338
Total Noncurrent Liabilities	8,068,418	18,298,729	26,367,147
Total Liabilities	9,368,267	19,788,913	29,157,180
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	4,158,302	599,509	4,757,811
Total Liabilities and Deferred Inflows of Resources	13,526,569	20,388,422	33,914,991
<b>NET POSITION</b>			
Net Investment in Capital Assets	31,546,949	40,970,471	72,517,420
Restricted - Vehicle/Equipment Replacement	230,202	-	230,202
Restricted - Marine	123,985	-	123,985
Restricted - Environmental	13,878	-	13,878
Restricted - Audit	40,425	-	40,425
Restricted - Capital Projects	359,597	-	359,597
Restricted - Motor Fuel Taxes	560,890	-	560,890
Unrestricted	1,582,939	4,770,199	6,353,138
Total Net Position	\$ 34,458,865	\$ 45,740,670	\$ 80,199,535

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

VILLAGE OF WAUCONDA, ILLINOIS

Statement of Activities  
For the Fiscal Year Ended April 30, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 1,663,559	\$ 662,308	\$ -	\$ -
Public Safety	5,453,326	440,293	14,136	-
Public Works	1,998,821	-	410,960	-
Interest on Long-Term Debt	363,829	-	-	-
Total Governmental Activities	9,479,535	1,102,601	425,096	-
Business-Type Activities				
Waterworks and Sewerage	5,078,585	4,682,648	-	-
Total Primary Government	\$ 14,558,120	\$ 5,785,249	\$ 425,096	\$ -

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
\$ (1,001,251)	\$ -	\$ (1,001,251)
(4,998,897)	-	(4,998,897)
(1,587,861)	-	(1,587,861)
(363,829)	-	(363,829)
(7,951,838)	-	(7,951,838)
-	(395,937)	(395,937)
(7,951,838)	(395,937)	(8,347,775)
4,017,239	610,447	4,627,686
1,820,763	-	1,820,763
1,299,065	-	1,299,065
35,775	-	35,775
41,778	-	41,778
562,235	-	562,235
71,775	-	71,775
1,273	24,381	25,654
399,083	310,586	709,669
(1,587,233)	1,587,233	-
6,661,753	2,532,647	9,194,400
(1,290,085)	2,136,710	846,625
35,748,950	43,603,960	79,352,910
\$ 34,458,865	\$ 45,740,670	\$ 80,199,535

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

VILLAGE OF WAUCONDA, ILLINOIS

Balance Sheet - Governmental Funds  
April 30, 2014

General

**ASSETS**

Cash and Investments	\$ 2,070,082
Receivables - Net of Allowances	
Property Taxes	3,528,504
Other Taxes	945,376
Accounts	108,954
Due from Other Funds	50,000
Prepays	190,359
Inventory	30,000
Restricted Cash and Investments	<u>155,113</u>
Total Assets	<u><u>7,078,388</u></u>

**LIABILITIES**

Accounts Payable	157,530
Accrued Payroll	201,785
Deposits Payable	<u>141,602</u>
Total Liabilities	<u>500,917</u>

**DEFERRED INFLOWS OF RESOURCES**

Property Taxes	<u>3,528,503</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>4,029,420</u></u>

**FUND BALANCES**

Nonspendable	220,359
Restricted	768,087
Assigned	-
Unassigned	<u>2,060,522</u>
Total Fund Balances	<u><u>3,048,968</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 7,078,388</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
\$ 538,174	\$ 35,018	\$ 74,872	\$ 2,718,146
-	629,799	-	4,158,303
25,078	-	-	970,454
-	-	-	108,954
-	-	-	50,000
-	-	-	190,359
-	-	-	30,000
-	-	-	155,113
<u>563,252</u>	<u>664,817</u>	<u>74,872</u>	<u>8,381,329</u>
2,362	-	-	159,892
-	-	-	201,785
-	-	-	141,602
<u>2,362</u>	<u>-</u>	<u>-</u>	<u>503,279</u>
-	629,799	-	4,158,302
<u>2,362</u>	<u>629,799</u>	<u>-</u>	<u>4,661,581</u>
-	-	-	220,359
560,890	35,018	-	1,363,995
-	-	74,872	74,872
-	-	-	2,060,522
<u>560,890</u>	<u>35,018</u>	<u>74,872</u>	<u>3,719,748</u>
<u>\$ 563,252</u>	<u>\$ 664,817</u>	<u>\$ 74,872</u>	<u>\$ 8,381,329</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, 2014**

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**Total Governmental Fund Balances** **\$ 3,719,748**

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. 39,604,105

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

Net Pension Obligation Payable	(303,517)
Net Other Post-Employment Benefit Obligation Payable	(36,346)
Compensated Absences Payable	(346,758)
Installment Contracts Payable	(597,156)
General Obligation Bonds Payable	(5,600,000)
Alternate Revenue Bonds Payable	(1,860,000)
Accrued Interest Payable	<u>(121,211)</u>

**Net Position of Governmental Activities** **\$ 34,458,865**

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

**VILLAGE OF WAUCONDA, ILLINOIS**

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2014**

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**See Following Page**

VILLAGE OF WAUCONDA, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2014

	<u>General</u>
Revenues	
Taxes	\$ 3,406,997
Licenses and Permits	134,744
Intergovernmental	3,845,527
Charges for Services	539,314
Fines and Forfeits	440,293
Interest	1,086
Miscellaneous	399,083
Total Revenues	<u>8,767,044</u>
Expenditures	
Current	
General Government	1,499,380
Public Safety	5,266,759
Public Works	1,008,170
Capital Outlay	123,704
Debt Service	
Principal Retirement	142,780
Interest and Fiscal Charges	26,614
Total Expenditures	<u>8,067,407</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>699,637</u>
Other Financing Sources (Uses)	
Debt Issuance	24,948
Transfers In	12,767
Transfers Out	(1,600,000)
	<u>(1,562,285)</u>
Net Change in Fund Balances	(862,648)
Fund Balances - Beginning	<u>3,911,616</u>
Fund Balances - Ending	<u>\$ 3,048,968</u>

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

Special Revenue				
Motor Fuel Tax	Debt Service	Capital Projects		Totals
\$ -	\$ 610,242	\$ -		\$ 4,017,239
-	-	-		134,744
410,960	-	-		4,256,487
-	-	-		539,314
-	-	-		440,293
179	-	8		1,273
-	-	-		399,083
411,139	610,242	8		9,788,433
-	-	-		1,499,380
-	-	-		5,266,759
507,598	-	-		1,515,768
-	-	7		123,711
105,000	340,000	-		587,780
79,368	264,480	-		370,462
691,966	604,480	7		9,363,860
(280,827)	5,762	1		424,573
-	-	-		24,948
-	-	-		12,767
-	-	-		(1,600,000)
-	-	-		(1,562,285)
(280,827)	5,762	1		(1,137,712)
841,717	29,256	74,871		4,857,460
\$ 560,890	\$ 35,018	\$ 74,872		\$ 3,719,748

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

For the Fiscal Year Ended April 30, 2014

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Net Change in Fund Balances - Total Governmental Funds \$ (1,137,712)

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	446,331
Depreciation Expense	(1,072,800)

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	(52,896)
Additions to Net Other Post-Employment Benefit Obligation Payable	(11,934)
Additions to Compensated Absences Payable	(30,539)
Issuance of Debt	(24,948)
Retirement of Debt	587,780
Reductions to Accrued Interest Payable	6,633

Changes in Net Position of Governmental Activities \$ (1,290,085)

**VILLAGE OF WAUCONDA, ILLINOIS**

**Statement of Net Position**

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

**April 30, 2014**

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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, 2014

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ASSETS

Current Assets

Cash and Investments	\$ 13,911,276
Receivables - Net of Allowances	
Taxes	599,509
Accounts - Billed	134,486
Accounts - Unbilled	<u>532,224</u>
Total Current Assets	<u>15,177,495</u>

Noncurrent Assets

Capital Assets

Non-Depreciable	2,583,599
Depreciable	68,991,027
Accumulated Depreciation	<u>(20,573,029)</u>
Total Noncurrent Assets	<u>51,001,597</u>
Total Assets	<u>66,179,092</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	211,032
Accrued Payroll	52,064
Accrued Interest Payable	218,371
Deposits Payable	9,165
Due to Other Funds	50,000
Current Portion of Long-Term Debt	999,552
Total Current Liabilities	<u>1,540,184</u>
<b>Noncurrent Liabilities</b>	
Compensated Absences Payable	44,036
Installment Contracts Payable	272,355
General Obligation Bonds Payable	8,735,000
Alternate Revenue Bonds Payable	5,510,000
IEPA Loans Payable	3,737,338
Total Noncurrent Liabilities	<u>18,298,729</u>
Total Liabilities	<u>19,838,913</u>

**DEFERRED INFLOWS OF RESOURCES**

Property Taxes	<u>599,509</u>
Total Liabilities and Deferred Inflows of Resources	<u>20,438,422</u>

**NET POSITION**

Net Investment in Capital Assets	40,970,471
Unrestricted	<u>4,770,199</u>
Total Net Position	<u>\$ 45,740,670</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)  
For the Fiscal Year Ended April 30, 2014

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Operating Revenues	
Charges for Services	<u>\$ 4,676,648</u>
Operating Expenses	
Operations	2,959,242
Capital Projects	1,000
Depreciation	1,521,157
Total Operating Expenses	<u>4,481,399</u>
Operating Income	<u>195,249</u>
Nonoperating Revenues (Expenses)	
Property Taxes	610,447
Connection Fees/Annexation/Impact Fees	6,000
Interest Income	24,381
Other Income - Reimbursement	310,586
Interest and Fiscal Charges	(597,186)
	<u>354,228</u>
Income Before Transfers	<u>549,477</u>
Transfers In	1,600,000
Transfers Out	(12,767)
	<u>1,587,233</u>
Change in Net Position	2,136,710
Net Position - Beginning	<u>43,603,960</u>
Net Position - Ending	<u>\$ 45,740,670</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)**

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

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Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 5,368,424
Payments to Employees	(1,261,687)
Payments to Suppliers	(1,681,985)
	<u>2,424,752</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	1,600,000
Transfers Out	(12,767)
	<u>1,587,233</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(344,391)
Principal Paid on Debt	(1,021,389)
Interest on Debt	(597,186)
	<u>(1,962,966)</u>
Cash Flows from Investing Activities	
Interest Received	<u>24,381</u>
Net Change in Cash and Cash Equivalents	2,073,400
Cash and Cash Equivalents - Beginning	<u>11,837,876</u>
Cash and Cash Equivalents - Ending	<u><u>13,911,276</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>195,249</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	1,521,157
Other Income	927,033
(Increase) Decrease in Current Assets	(235,257)
Increase (Decrease) in Current Liabilities	<u>16,570</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,424,752</u></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, 2014**

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	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 225,524	\$ 1,159,617
Investments		
U.S. Government and Agency Obligations	4,599,659	-
State and Local Obligations	746,082	-
Mutual Funds	4,310,879	-
Receivables - Net of Allowances		
Accounts Receivable	-	833,535
Accrued Interest	56,219	-
	<hr/>	<hr/>
Total Assets	9,938,363	1,993,152
<b>LIABILITIES</b>		
Due to Bondholders	<hr/>	1,993,152
<b>NET POSITION</b>		
Held in Trust for Pension Benefits	<hr/> <hr/>	\$ -

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  
For the Fiscal Year Ended April 30, 2014

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	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 546,577
Contributions - Plan Members	<u>225,840</u>
Total Contributions	<u>772,417</u>
Investment Income	
Interest Earned	296,844
Net Change in Fair Value	<u>296,006</u>
	592,850
Less Investment Expenses	<u>(21,868)</u>
Net Investment Income	<u>570,982</u>
Total Additions	<u>1,343,399</u>
Deductions	
Administration	23,427
Benefits and Refunds	<u>459,612</u>
Total Deductions	<u>483,039</u>
Change in Net Position	860,360
Net Position - Beginning	<u>9,078,003</u>
Net Position - Ending	<u>\$ 9,938,363</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, 2014

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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. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### 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, 2014

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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, 2014

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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, 2014

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

#### BASIS OF PRESENTATION – Continued

#### Fund Financial Statements – Continued

#### Governmental Funds – 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, 2014

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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-type 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, 2014

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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-type 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 inflow 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, 2014

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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, 2014**

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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, 2014

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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 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, 2014**

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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.

**EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The following fund had an excess of actual expenditures over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
Police Pension	\$ 95,039

## VILLAGE OF WAUCONDA, ILLINOIS

### Notes to the Financial Statements April 30, 2014

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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, 2014

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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

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type totaled \$3,877,675, and the bank balances totaled \$3,654,703.

*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.	\$ 11,600	\$ -	\$ 348	\$ 8,758	\$ 2,494
Illinois Funds	2,975,710	2,975,710	-	-	-
Illinois Metropolitan Investment Fund	9,919,550	9,919,550	-	-	-
	<u>\$ 12,906,860</u>	<u>\$ 12,895,260</u>	<u>\$ 348</u>	<u>\$ 8,758</u>	<u>\$ 2,494</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 AAf 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, 2014

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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, \$193,357 of the bank balance of deposits was not covered federal depository or equivalent insurance, and represents cash at paying agent for debt service payments.

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 \$2,975,710 and the IMET Funds of \$9,919,550 represents more than 5 percent of the total cash and investment portfolio.

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2014

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 \$225,524 and the bank balances totaled \$225,524.

*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. Treasuries	\$ 695,434	\$ 125,215	\$ 398,325	\$ 171,894	\$ -
U.S. Agencies	3,904,225	190,705	1,433,024	2,252,337	28,159
State and Local Obligations	746,082	75,667	156,569	513,846	-
	<u>\$ 5,345,741</u>	<u>\$ 391,587</u>	<u>\$ 1,987,918</u>	<u>\$ 2,938,077</u>	<u>\$ 28,159</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, 2014

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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 were rated AAA by Standard & Poor's and state and local obligations were either not rated or rated A to AAA.

*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 \$4,310,879 invested in mutual funds. At year-end, the Fund has investments over 5 percent of net position available for retirement benefits (other than U.S. Government guaranteed obligations) in T Rowe Price Growth Fund of \$823,828, in Vanguard 500 Index Fund of \$843,653, Pioneer Equity Income of \$551,908, and in LSV Value Equity Fund of \$600,679.

##### **PROPERTY TAXES**

Property taxes for 2013 levy attach as an enforceable lien on January 1, 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 and September 1. 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, 2014

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	5,889,205	-	5,458,291	430,914
	<u>25,162,214</u>	<u>-</u>	<u>5,458,291</u>	<u>19,703,923</u>
<b>Depreciable Capital Assets</b>				
Land Improvements	586,254	-	-	586,254
Buildings	3,072,023	-	-	3,072,023
Machinery and Equipment	3,571,249	56,115	-	3,627,364
Infrastructure	23,450,155	5,848,507	-	29,298,662
	<u>30,679,681</u>	<u>5,904,622</u>	<u>-</u>	<u>36,584,303</u>
<b>Less Accumulated Depreciation</b>				
Land Improvements	408,297	23,253	-	431,550
Buildings	1,524,196	60,196	-	1,584,392
Machinery and Equipment	2,486,370	212,594	-	2,698,964
Infrastructure	11,192,458	776,757	-	11,969,215
	<u>15,611,321</u>	<u>1,072,800</u>	<u>-</u>	<u>16,684,121</u>
Total Net Depreciable Capital Assets	<u>15,068,360</u>	<u>4,831,822</u>	<u>-</u>	<u>19,900,182</u>
Total Net Capital Assets	<u>\$ 40,230,574</u>	<u>\$ 4,831,822</u>	<u>\$ 5,458,291</u>	<u>\$ 39,604,105</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 133,456
Public Safety	133,671
Public Works	<u>805,673</u>
	<u>\$ 1,072,800</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

**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	\$ 9,145,967	\$ 344,389	\$ 6,906,757	\$ 2,583,599
Depreciable Capital Assets				
Land Improvements	109,764	-	-	109,764
Buildings	30,452,396	-	-	30,452,396
Machinery and Equipment	7,106,074	-	-	7,106,074
Infrastructure	24,416,034	6,906,759	-	31,322,793
	<u>62,084,268</u>	<u>6,906,759</u>	-	<u>68,991,027</u>
Less Accumulated Depreciation				
Land Improvements	30,185	5,488	-	35,673
Buildings	6,638,328	627,570	-	7,265,898
Machinery and Equipment	4,854,639	326,440	-	5,181,079
Infrastructure	7,528,720	561,659	-	8,090,379
	<u>19,051,872</u>	<u>1,521,157</u>	-	<u>20,573,029</u>
Total Net Depreciable Capital Assets	<u>43,032,396</u>	<u>5,385,602</u>	-	<u>48,417,998</u>
Total Net Capital Assets	<u>\$ 52,178,363</u>	<u>\$ 5,729,991</u>	<u>\$ 6,906,757</u>	<u>\$ 51,001,597</u>

Depreciation expense was charged to business-type as follows:

Waterworks and Sewerage	<u>\$ 1,521,157</u>
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**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

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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	Waterworks & Sewerage	\$ 12,767
Waterworks & Sewerage	General	<u>1,600,000</u>
		<u>\$ 1,612,767</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.

**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:

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

**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
\$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	\$ 21,682	\$ -	\$ 4,568	\$ 17,114
	Waterworks and Sewerage	122,903	-	25,884	97,019
\$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	62,694	-	37,018	25,676
\$22,732 Equipment Installment Contract of 2009A - due in monthly installments of \$429 including interest at 4.93% through maturity December 15, 2013.	General	3,368	-	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	19,703	-	19,703	-
\$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	344,257	-	103,325	240,932
\$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	63,589	-	22,308	41,281

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

**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
\$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	\$ 24,066	\$ -	\$ 15,033	\$ 9,033
\$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	407,923	-	14,871	393,052
\$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	25,572	-	3,963	21,609
	Waterworks and Sewerage	102,292	-	15,850	86,442
\$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	-	34,273	71,821
\$24,948 Equipment Installment Contract of 2013 - due in monthly installments of \$727 including interest at 3.065% through maturity May 24, 2016.	General	-	24,948	7,378	17,570
		<u>\$ 1,304,143</u>	<u>\$ 24,948</u>	<u>\$ 307,542</u>	<u>\$ 1,021,549</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

**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	\$ 5,940,000	\$ -	\$ 340,000	\$ 5,600,000
\$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	-	400,000	9,100,000
		\$ 15,440,000	\$ -	\$ 740,000	\$ 14,700,000

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2014

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 revenues 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	\$ 1,965,000	\$ -	\$ 105,000	\$ 1,860,000
\$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	3,930,000	-	205,000	3,725,000
\$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
		\$ 7,895,000	\$ -	\$ 310,000	\$ 7,585,000

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

**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. 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	\$ 3,206,519	\$ -	\$ 193,907	\$ 3,012,612
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	1,038,951	-	57,720	981,231
		<u>\$ 4,245,470</u>	<u>\$ -</u>	<u>\$ 251,627</u>	<u>\$ 3,993,843</u>

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2014

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	\$ 316,219	\$ 61,078	\$ 30,539	\$ 346,758	\$ 69,352
Net Pension Obligation	250,621	52,896	-	303,517	-
Net Other Post-Employment					
Benefit Obligation	24,412	11,934	-	36,346	-
Installment Contracts	714,988	24,948	142,780	597,156	126,007
General Obligation Bonds	5,940,000	-	340,000	5,600,000	375,000
Alternate Revenue Bonds	1,965,000	-	105,000	1,860,000	105,000
	<u>\$ 9,211,240</u>	<u>\$ 150,856</u>	<u>\$ 618,319</u>	<u>\$ 8,743,777</u>	<u>\$ 675,359</u>
<b>Business-Type Activities</b>					
Compensated Absences	\$ 64,650	\$ 9,605	\$ 19,210	\$ 55,045	\$ 11,009
Installment Contracts	589,155	-	164,762	424,393	152,038
General Obligation Bonds	9,500,000	-	400,000	9,100,000	365,000
Alternate Revenue Bonds	5,930,000	-	205,000	5,725,000	215,000
IEPA Loan	4,245,470	-	251,627	3,993,843	256,505
	<u>\$ 20,329,275</u>	<u>\$ 9,605</u>	<u>\$ 1,040,599</u>	<u>\$ 19,298,281</u>	<u>\$ 999,552</u>

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2014

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
2015	\$ 126,007	\$ 21,043	\$ 375,000	\$ 250,880	\$ 105,000	\$ 75,168
2016	88,518	17,115	405,000	235,880	110,000	70,967
2017	372,079	5,519	450,000	217,655	115,000	66,568
2018	6,517	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	<u>\$ 597,156</u>	<u>\$ 44,044</u>	<u>\$ 5,600,000</u>	<u>\$ 1,559,160</u>	<u>\$ 1,860,000</u>	<u>\$ 578,133</u>

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements

April 30, 2014

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
2015	\$ 152,038	\$ 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	67,692	3,398	385,000	215,868	235,000	236,225	266,633	63,954
2018	29,163	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	325,554	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>\$ 424,393</b>	<b>\$ 30,984</b>	<b>\$ 9,100,000</b>	<b>\$ 2,625,286</b>	<b>\$ 5,725,000</b>	<b>\$ 3,072,162</b>	<b>\$ 3,993,843</b>	<b>\$ 534,649</b>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

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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 - 2013	<u>\$ 339,419,166</u>
Legal Debt Limit - 8.625% of Assessed Value	29,274,903
Amount of Debt Applicable to Limit	
General Obligation Bonds	14,700,000
Installment Contracts	<u>1,021,549</u>
	<u>15,721,549</u>
Legal Debt Margin	<u>\$ 13,553,354</u>

**Noncommitment Debt – Special Service Area Bonds**

Special service area bonds outstanding as of the date of this report totaled \$10,239,000. 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, 2014**

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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, 2014:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 39,604,105
Less Capital Related Debt:	
Installment Contracts	(597,156)
General Obligation Bonds	(5,600,000)
Alternate Revenue Bonds	<u>(1,860,000)</u>
Net Investment in Capital Assets	<u>\$ 31,546,949</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 51,001,597
Plus: Unspent Bond Proceeds	9,212,110
Less Capital Related Debt:	
Installment Contracts	(424,393)
General Obligation Bonds	(9,100,000)
Alternate Revenue Source	(5,725,000)
IEPA Loan	<u>(3,993,843)</u>
Net Investment in Capital Assets	<u>\$ 40,970,471</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

**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
<b>Fund Balances</b>					
Nonspendable	\$ 220,359	\$ -	\$ -	\$ -	\$ 220,359
<b>Restricted</b>					
Vehicle/Equipment Replacement	230,202	-	-	-	230,202
Marine	123,985	-	-	-	123,985
Environmental	13,878	-	-	-	13,878
Audit	40,425	-	-	-	40,425
Capital Projects	359,597	-	-	-	359,597
Motor Fuel Taxes	-	560,890	-	-	560,890
Debt Service	-	-	35,018	-	35,018
	<u>768,087</u>	<u>560,890</u>	<u>35,018</u>	<u>-</u>	<u>1,363,995</u>
<b>Assigned</b>					
Capital Projects	-	-	-	74,872	74,872
<b>Unassigned</b>	<u>2,060,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,060,522</u>
<b>Total Fund Balances</b>	<u>\$ 3,048,968</u>	<u>\$ 560,890</u>	<u>\$ 35,018</u>	<u>\$ 74,872</u>	<u>\$ 3,719,748</u>

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.

## VILLAGE OF WAUCONDA, ILLINOIS

### Notes to the Financial Statements April 30, 2014

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

#### NET POSITION/FUND BALANCE – Continued

#### Fund Balance Classifications – Continued

**Assigned Fund Balance.** The Village reports assigned fund balance in the Capital Projects Fund, a major fund. The Village's Board has given authority to management (finance director) thru the Village's budget policy, to assign these funds 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 three months of budgeted operating expenditures.

#### 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. 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.

#### 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, 2014

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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, 2014

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 2013 was 12.50 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><u>35</u></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, 2014

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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, 2014

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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 \$823,828, in Vanguard 500 Index Fund of \$843,653, Pioneer Equity Income of \$551,908, and in LSV Value Equity Fund of \$600,679.

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

	IMRF	Police Pension	Totals
Annual Required Contribution	\$ 347,547	\$ 598,971	\$ 946,518
Interest on the NPO	680	18,047	18,727
Adjustment to the ARC	(870)	(8,473)	(9,343)
Annual Pension Cost	347,357	608,545	955,902
Actual Contribution	(356,429)	(546,577)	(903,006)
Increase (Decrease) in the NPO	(9,072)	61,968	52,896
NPO - Beginning	9,072	241,549	250,621
NPO - Ending	\$ -	\$ 303,517	\$ 303,517

VILLAGE OF WAUCONDA, ILLINOIS

Notes to the Financial Statements  
April 30, 2014

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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 actuarial assumptions and related information for each plan is as follows:

	IMRF	Police Pension
Contribution Rates		
Employer	12.50%	23.46%
Employee	4.50%	9.91%
Actuarial Valuation Date	12/31/13	4/30/13
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	28 Years
Asset Valuation Method	5-Year Smoothed Market	5-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, 2014**

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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)	2014	\$ 347,357	\$ 608,545
	2013	372,963	527,476
	2012	355,961	545,130
Actual Contributions	2014	\$ 356,429	\$ 546,577
	2013	372,773	517,287
	2012	355,775	557,478
Percentage of APC Contributed	2014	102.61%	89.82%
	2013	99.95%	98.07%
	2012	99.95%	102.27%
Net Pension Obligation	2014	\$ -	\$ 303,517
	2013	9,072	241,549
	2012	8,882	231,360

**VILLAGE OF WAUCONDA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2014**

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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	12/31/13	4/30/13
Percent Funded	71.56%	55.36%
Actuarial Accrued Liability for Benefits	\$6,523,520	\$16,398,000
Actuarial Value of Assets	\$4,668,035	\$9,078,003
Over (Under) Funded Actuarial Accrued Liability (UAAL)	(\$1,855,485)	(\$7,319,997)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$2,755,330	\$2,205,306
Ratio of UAAL to Covered Payroll	67.34%	331.93%

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, 2014**

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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, 2014, retirees contributed \$26,965. Active employees do not contribute to the plan until retirement.

At April 30, 2014, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	5
Active Employees	<u>61</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, 2014**

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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, 2014 was calculated as follows:

Annual Required Contribution	\$ 18,862
Interest on the NOPEBO	976
Adjustment to the ARC	<u>(813)</u>
Annual OPEB Cost	19,025
Actual Contribution	<u>7,091</u>
Increase in the NOPEBO	11,934
NOPEBO - Beginning	<u>24,412</u>
NOPEBO - Ending	<u>\$ 36,346</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
2012	\$ 8,012	\$ 4,734	59.09%	\$ 13,219
2013	17,883	6,690	37.41%	24,412
2014	19,025	7,091	37.27%	36,346

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements April 30, 2014

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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% inflation 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 advanced 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, 2014, was 30 years.

# VILLAGE OF WAUCONDA, ILLINOIS

## Notes to the Financial Statements April 30, 2014

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### NOTE 4 – OTHER INFORMATION – Continued

#### SUBSEQUENT EVENTS

As of May 1, 2014 the Village approved the new Tax Increment Allocation Financing Fund for the Redevelopment Project Area 1: Triangle Area, which will be used for the purpose of paying qualified redevelopment project costs and obligations with property tax levy receipts.

On September 9, 2014, the Village issued \$1,745,000 of General Obligation Refunding (Alternate Revenue Source) Bonds of 2014A. The bonds bear interest at a rate of 2.00% to 3.00% and are due in annual installments of \$120,000 to \$175,000 through November 1, 2026.

On September 9, 2014, the Village issued \$3,465,000 of General Obligation Refunding (Alternate Revenue Source) Bonds of 2014B. The bonds bear interest at a rate of 2.00% to 3.00% and are due in annual installments of \$245,000 to \$350,000 through November 1, 2026.

## **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, 2014

Funding Progress						
Actuarial Valuation Date Dec. 31	(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)
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%
2013	4,668,035	6,523,520	71.56%	1,855,485	2,755,330	67.34%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2014	356,429	347,547	102.56%

VILLAGE OF WAUCONDA, ILLINOIS

Police Pension Fund

Required Supplementary Information  
 Schedule of Funding Progress and Employer Contributions  
 April 30, 2014

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)
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%
2013	9,078,003	16,398,000	55.36%	7,319,997	2,205,306	331.93%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2014	546,577	598,971	91.25%

VILLAGE OF WAUCONDA, ILLINOIS

Other Post-Employment Benefit Plan

Required Supplementary Information  
 Schedule of Funding Progress and Employer Contributions  
 April 30, 2014

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)
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
2014	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2014	7,091	18,862	37.59%

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  
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Taxes	\$ 3,408,578	\$ 3,408,578	\$ 3,406,997
Licenses and Permits	137,500	137,500	134,744
Intergovernmental	3,635,430	3,635,430	3,845,527
Charges for Services	438,300	438,300	539,314
Fines and Forfeitures	350,000	350,000	440,293
Interest	1,740	1,720	1,086
Miscellaneous	234,676	234,676	399,083
<b>Total Revenues</b>	<b>8,206,224</b>	<b>8,206,204</b>	<b>8,767,044</b>
<b>Expenditures</b>			
<b>Current</b>			
General Government	1,637,023	1,637,023	1,499,380
Public Safety	5,543,523	5,543,523	5,266,759
Public Works	1,000,537	1,000,537	1,008,170
Capital Outlay	596,557	596,557	123,704
<b>Debt Service</b>			
Principal Retirement	86,085	86,085	142,780
Interest and Fiscal Charges	22,544	22,544	26,614
<b>Total Expenditures</b>	<b>8,886,269</b>	<b>8,886,269</b>	<b>8,067,407</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(680,045)</b>	<b>(680,065)</b>	<b>699,637</b>
<b>Other Financing Sources (Uses)</b>			
Disposal of Capital Assets	5,000	5,000	-
Debt Issuance	25,000	25,000	24,948
Transfers In	41,673	41,673	12,767
Transfers Out	-	(1,600,000)	(1,600,000)
	<b>71,673</b>	<b>(1,528,327)</b>	<b>(1,562,285)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (608,372)</b>	<b>\$ (2,208,392)</b>	<b>(862,648)</b>
<b>Fund Balance - Beginning</b>			<b>3,911,616</b>
<b>Fund Balance - Ending</b>			<b>\$ 3,048,968</b>

VILLAGE OF WAUCONDA, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
<b>Revenues</b>			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 295,000	\$ 295,000	\$ 335,828
Grants	13,000	13,000	75,132
Interest	500	500	179
Total Revenues	<u>308,500</u>	<u>308,500</u>	<u>411,139</u>
<b>Expenditures</b>			
Public Works			
Contractual Services	50,000	50,000	51,728
Capital Outlay	565,000	565,000	455,870
Debt Service			
Principal Retirement	105,000	105,000	105,000
Interest and Fiscal Charges	79,368	79,368	79,368
Total Expenditures	<u>799,368</u>	<u>799,368</u>	<u>691,966</u>
Net Change in Fund Balance	<u>\$ (490,868)</u>	<u>\$ (490,868)</u>	(280,827)
Fund Balance - Beginning			<u>841,717</u>
Fund Balance - Ending			<u>\$ 560,890</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  
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes - General	\$ 2,861,747	\$ 2,861,747	\$ 2,860,420
Property Taxes - Police Pension	546,831	546,831	546,577
	<u>3,408,578</u>	<u>3,408,578</u>	<u>3,406,997</u>
<b>Licenses and Permits</b>			
<b>Licenses</b>			
Liquor	30,500	30,500	45,145
Business	22,000	22,000	19,990
<b>Permits</b>			
Building Permits	80,000	80,000	68,682
Public Works	5,000	5,000	927
	<u>137,500</u>	<u>137,500</u>	<u>134,744</u>
<b>Intergovernmental</b>			
Sales Tax	1,680,000	1,680,000	1,820,763
Income Tax	1,300,000	1,300,000	1,299,065
Replacement Tax	30,000	30,000	35,775
Road and Bridge	42,000	42,000	41,778
Utility Tax	560,565	560,565	562,235
Video Gaming Tax	10,000	10,000	71,775
Grants	12,865	12,865	14,136
	<u>3,635,430</u>	<u>3,635,430</u>	<u>3,845,527</u>
<b>Charges for Services</b>			
Administrative Fees	15,000	15,000	11,750
Cable TV Franchise Fees	135,000	135,000	150,683
Telephone Franchise	60,000	60,000	81,273
Communications Fee	97,000	97,000	103,922
Police Protection	13,000	13,000	40,527
Housing Inspection Fees	10,000	10,000	34,050
Planning and Zoning Fees	-	-	1,600
Printing	1,000	1,000	1,936
Rental	60,000	60,000	66,747
Lab Testing Fees	1,400	1,400	630
WWTP Industrial Charges	-	-	2,675

VILLAGE OF WAUCONDA, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Charges for Services - Continued			
Boat Permits and Inspections	\$ 45,900	\$ 45,900	\$ 43,521
	<u>438,300</u>	<u>438,300</u>	<u>539,314</u>
Fines and Forfeitures			
Court Fines	165,000	165,000	176,061
Local Fines	45,000	45,000	41,528
False Alarms	14,000	14,000	15,963
Forfeitures	6,000	6,000	2,385
DUI Fines	5,000	5,000	19,746
PD SB-1089	10,000	10,000	46,896
Red Light Camera	105,000	105,000	137,714
	<u>350,000</u>	<u>350,000</u>	<u>440,293</u>
Interest	1,740	1,720	1,086
Miscellaneous			
Loss Reimbursement	-	-	2,313
Other	234,676	234,676	396,770
	<u>234,676</u>	<u>234,676</u>	<u>399,083</u>
Total Revenues	<u>\$ 8,206,224</u>	<u>\$ 8,206,204</u>	<u>\$ 8,767,044</u>

VILLAGE OF WAUCONDA, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual  
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
General Government			
Administration			
Personal Services	\$ 503,597	\$ 503,597	\$ 406,095
Contractual Services	281,130	281,130	321,469
Commodities	86,900	86,900	35,082
Other	-	-	197
	<u>871,627</u>	<u>871,627</u>	<u>762,843</u>
Building Department			
Personal Services	104,545	104,545	106,009
Contractual Services	133,057	133,057	67,219
Commodities	8,225	8,225	6,316
Other	-	-	75
	<u>245,827</u>	<u>245,827</u>	<u>179,619</u>
Marine			
Personal Services	29,912	29,912	7,604
Contractual Services	6,550	6,550	3,230
Commodities	10,280	10,280	2,456
Capital Outlay	4,000	4,000	-
	<u>50,742</u>	<u>50,742</u>	<u>13,290</u>
Environmental			
Contractual Services	25,750	25,750	6,424
Commodities	9,300	9,300	306
	<u>35,050</u>	<u>35,050</u>	<u>6,730</u>
Tort			
Contractual Services	302,464	302,464	445,142

VILLAGE OF WAUCONDA, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
<b>General Government - Continued</b>			
Economic Development			
Personal Services	\$ 115,263	\$ 115,263	\$ 64,927
Contractual Services	11,050	11,050	22,122
Commodities	5,000	5,000	4,707
	<u>131,313</u>	<u>131,313</u>	<u>91,756</u>
Total General Government	<u>1,637,023</u>	<u>1,637,023</u>	<u>1,499,380</u>
<b>Public Safety</b>			
Police Department			
Personal Services	3,487,216	3,487,216	3,243,347
Contractual Services	263,205	263,205	319,540
Commodities	290,320	290,320	203,355
	<u>4,040,741</u>	<u>4,040,741</u>	<u>3,766,242</u>
Police and Fire Commission			
Personal Services	2,906	2,906	1,972
Contractual Services	1,800	1,800	4,454
Commodities	50	50	1,129
	<u>4,756</u>	<u>4,756</u>	<u>7,555</u>
Emergency Management Agency			
Personal Services	4,306	4,306	2,691
Contractual Services	19,730	19,730	23,339
Commodities	3,950	3,950	3,267
	<u>27,986</u>	<u>27,986</u>	<u>29,297</u>
911 Dispatch Center			
Personal Services	889,900	889,900	898,613
Contractual Services	22,205	22,205	14,207
Commodities	12,225	12,225	-
	<u>924,330</u>	<u>924,330</u>	<u>912,820</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
<b>Public Safety - Continued</b>			
Police Pension			
Property Tax	\$ 545,710	\$ 545,710	\$ 546,577
Replacement Tax	-	-	4,268
	<u>545,710</u>	<u>545,710</u>	<u>550,845</u>
<b>Total Public Safety</b>	<u>5,543,523</u>	<u>5,543,523</u>	<u>5,266,759</u>
<b>Public Works</b>			
Highways and Streets			
Personal Services	526,079	526,079	511,081
Contractual Services	335,400	335,400	348,028
Commodities	102,758	102,758	124,922
	<u>964,237</u>	<u>964,237</u>	<u>984,031</u>
Facilities Maintenance			
Contractual Services	33,300	33,300	22,716
Commodities	3,000	3,000	1,423
	<u>36,300</u>	<u>36,300</u>	<u>24,139</u>
<b>Total Public Works</b>	<u>1,000,537</u>	<u>1,000,537</u>	<u>1,008,170</u>
<b>Capital Outlay</b>	<u>596,557</u>	<u>596,557</u>	<u>123,704</u>
<b>Debt Service</b>			
Principal Retirement	86,085	86,085	142,780
Interest and Fiscal Charges	22,544	22,544	26,614
<b>Total Debt Service</b>	<u>108,629</u>	<u>108,629</u>	<u>169,394</u>
<b>Total Expenditures</b>	<u>\$ 8,886,269</u>	<u>\$ 8,886,269</u>	<u>\$ 8,067,407</u>

VILLAGE OF WAUCONDA, ILLINOIS

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 610,525	\$ 610,525	\$ 610,242
Expenditures			
Debt Service			
Principal Retirement	340,000	340,000	340,000
Interest and Fiscal Charges	264,480	264,480	264,480
Total Expenditures	604,480	604,480	604,480
Net Change in Fund Balance	\$ 6,045	\$ 6,045	5,762
Fund Balance - Beginning			29,256
Fund Balance - Ending			\$ 35,018

VILLAGE OF WAUCONDA, ILLINOIS

Waterworks and Sewerage - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services	\$ 4,697,451	\$ 4,697,451	\$ 4,676,648
Operating Expenses			
Operations			
Water	2,116,142	2,116,142	1,705,542
Sewer	1,724,940	1,724,940	1,253,700
Capital Projects	-	-	1,000
Depreciation	-	-	1,521,157
Total Operating Expenses	3,841,082	3,841,082	4,481,399
Operating Income	856,369	856,369	195,249
Nonoperating Revenues (Expenses)			
Property Taxes	610,730	610,730	610,447
Connection/Annexation/Impact Fees	-	-	6,000
Interest Income	1,572	1,572	24,381
Other Income - Reimbursement	-	100	310,586
Interest and Fiscal Charges	(286,161)	(286,161)	(597,186)
	326,141	326,241	354,228
Income Before Transfers	1,182,510	1,182,610	549,477
Transfers In	-	1,600,000	1,600,000
Transfers Out	(41,673)	(41,673)	(12,767)
	(41,673)	1,558,327	1,587,233
Change in Net Position	\$ 1,140,837	\$ 2,740,937	2,136,710
Net Position - Beginning			43,603,960
Net Position - Ending			\$ 45,740,670

**VILLAGE OF WAUCONDA, ILLINOIS**

**Waterworks and Sewerage - Enterprise Fund**

**Schedule of Operating Revenues - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

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	Budget		Actual
	Original	Final	
Charges for Services			
Water Charges	\$ 2,071,017	\$ 2,071,017	\$ 2,041,103
Sewer Charges	2,449,415	2,449,415	2,426,756
Permits	7,500	7,500	2,540
Water Meter Sales	16,000	16,000	10,204
Miscellaneous	153,519	153,519	196,045
Total Operating Revenues	<u>\$ 4,697,451</u>	<u>\$ 4,697,451</u>	<u>\$ 4,676,648</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Waterworks and Sewerage - Enterprise Fund**

**Schedule of Operating Expenses - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
Operations - Water			
Personal Services	\$ 1,247,820	\$ 1,247,820	\$ 1,010,621
Contractual Services	621,622	621,622	439,165
Commodities	246,700	246,700	255,756
	<u>2,116,142</u>	<u>2,116,142</u>	<u>1,705,542</u>
Operations - Sewer			
Personal Services	935,102	935,102	716,639
Contractual Services	641,838	641,838	392,943
Commodities	148,000	148,000	144,118
	<u>1,724,940</u>	<u>1,724,940</u>	<u>1,253,700</u>
Operations - Capital Projects			
Capital Outlay	33,000	33,000	345,391
Less Nonoperating Items			
Capital Assets Capitalized	(33,000)	(33,000)	(344,391)
	<u>-</u>	<u>-</u>	<u>1,000</u>
Operations - Debt Service			
Principal Retirement	980,487	980,487	1,021,389
Interest and Fiscal Charges	286,161	286,161	597,186
	<u>1,266,648</u>	<u>1,266,648</u>	<u>1,618,575</u>
Less Nonoperating Items			
Debt Service	(1,266,648)	(1,266,648)	(1,618,575)
	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation	-	-	1,521,157
Total Operating Expenses	<u>\$ 3,841,082</u>	<u>\$ 3,841,082</u>	<u>\$ 4,481,399</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Police Pension - Pension Trust Fund**

**Schedule of Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2014**

	Budget		Actual
	Original	Final	
<b>Additions</b>			
Contributions - Employer	\$ 545,710	\$ 545,710	\$ 546,577
Contributions - Plan Members	180,000	180,000	225,840
<b>Total Contributions</b>	<u>725,710</u>	<u>725,710</u>	<u>772,417</u>
<b>Investment Income</b>			
Interest Earned	120,000	120,000	296,844
Net Change in Fair Value	150,000	150,000	296,006
	<u>270,000</u>	<u>270,000</u>	<u>592,850</u>
Less Investment Expenses	(20,000)	(20,000)	(21,868)
<b>Net Investment Income</b>	<u>250,000</u>	<u>250,000</u>	<u>570,982</u>
<b>Total Additions</b>	<u>975,710</u>	<u>975,710</u>	<u>1,343,399</u>
<b>Deductions</b>			
Administration	38,000	38,000	23,427
Benefits and Refunds	350,000	350,000	459,612
Benefits			
<b>Total Deductions</b>	<u>388,000</u>	<u>388,000</u>	<u>483,039</u>
<b>Change in Net Position</b>	<u>\$ 587,710</u>	<u>\$ 587,710</u>	<u>860,360</u>
<b>Net Position - Beginning</b>			<u>9,078,003</u>
<b>Net Position - Ending</b>			<u>\$ 9,938,363</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Special Service Area - Agency Fund**

**Statement of Changes in Assets and Liabilities  
For the Fiscal Year Ended April 30, 2014**

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	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>
<b>ASSETS</b>				
Cash and Investments	\$ 1,171,238	\$ 823,403	\$ 835,024	\$ 1,159,617
Receivables - Net of Allowances				
Property Taxes	<u>812,048</u>	<u>833,535</u>	<u>812,048</u>	<u>833,535</u>
Total Assets	<u>\$ 1,983,286</u>	<u>\$ 1,656,938</u>	<u>\$ 1,647,072</u>	<u>\$ 1,993,152</u>
<b>LIABILITIES</b>				
Due to Bondholders	<u>\$ 1,983,286</u>	<u>\$ 1,656,938</u>	<u>\$ 1,647,072</u>	<u>\$ 1,993,152</u>

## **SUPPLEMENTAL SCHEDULES**

**VILLAGE OF WAUCONDA, ILLINOIS**

**Schedule of Insurance in Force**

**April 30, 2014**

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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, 2014**

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Metered Consumers	6,449
Unmetered Consumers	32
Number of Hydrants	956
Gallons of Water - Pumped	311,149,000

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2007A  
April 30, 2014**

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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>
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>\$ 114,133</u>	<u>\$ 10,798</u>	<u>\$ 124,931</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2007B  
April 30, 2014**

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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>
2015	<u>\$ 25,676</u>	<u>\$ 474</u>	<u>\$ 26,150</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Installment Contract of 2009C  
April 30, 2014**

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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>
2015	\$ 108,216	\$ 8,913	\$ 117,129
2016	113,345	3,784	117,129
2017	19,371	112	19,483
	<u>\$ 240,932</u>	<u>\$ 12,809</u>	<u>\$ 253,741</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2011A  
April 30, 2014**

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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>
2015	\$ 23,230	\$ 1,248	\$ 24,478
2016	18,051	308	18,359
	<u>\$ 41,281</u>	<u>\$ 1,556</u>	<u>\$ 42,837</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2011B  
April 30, 2014**

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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>
2015	<u>\$ 9,033</u>	<u>\$ 114</u>	<u>\$ 9,147</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2011C**

**April 30, 2014**

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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>
2015	\$ 15,475	\$ 15,433	\$ 30,908
2016	16,065	14,843	30,908
2017	361,512	4,803	366,315
	<u>\$ 393,052</u>	<u>\$ 35,079</u>	<u>\$ 428,131</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2012  
April 30, 2014**

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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>
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	20,186	382	20,568
	<u>\$ 108,051</u>	<u>\$ 11,247</u>	<u>\$ 119,298</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2013**

**April 30, 2014**

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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>
2015	\$ 35,354	\$ 1,733	\$ 37,087
2016	36,467	619	37,086
	<u>\$ 71,821</u>	<u>\$ 2,352</u>	<u>\$ 74,173</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Equipment Installment Contract of 2013  
April 30, 2014**

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Date of Issue	May 24, 2013
Date of Maturity	May 24, 2016
Original Contract	\$24,948
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>
2015	\$ 8,292	\$ 429	\$ 8,721
2016	8,554	168	8,722
2017	724	2	726
	<u>\$ 17,570</u>	<u>\$ 599</u>	<u>\$ 18,169</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Bonds of 2008  
April 30, 2014**

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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>
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>\$ 5,600,000</u>	<u>\$ 1,559,160</u>	<u>\$ 7,159,160</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Bonds of 2013  
April 30, 2014**

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>
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>\$ 9,100,000</u>	<u>\$ 2,625,286</u>	<u>\$ 11,725,286</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Alternate Revenue Bonds of 2006A  
April 30, 2014**

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>
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>\$ 1,860,000</u>	<u>\$ 578,133</u>	<u>\$ 2,438,133</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Alternate Revenue Bonds of 2006B  
April 30, 2014**

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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
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>\$ 3,725,000</u>	<u>\$ 1,143,767</u>	<u>\$ 4,868,767</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Alternate Revenue Bonds of 2011  
April 30, 2014**

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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**

Fiscal Year	Principal	Interest	Totals
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>\$ 1,928,395</u>	<u>\$ 3,928,395</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Illinois Environmental Protection Agency (IEPA) Loan Payable - L17-2737  
April 30, 2014**

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>
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	267,835	5,032	272,867
	<u>\$ 3,012,612</u>	<u>\$ 534,649</u>	<u>\$ 3,547,261</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Long-Term Debt Requirements**

**Illinois Environmental Protection Agency (IEPA) Loan Payable - L17-2739  
April 30, 2014**

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**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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>\$ 981,231</u>	<u>\$ -</u>	<u>\$ 981,231</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 Ten Fiscal Years\***  
**April 30, 2014 (Unaudited)**

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**See Following Page**

**VILLAGE OF WAUCONDA, ILLINOIS**

**Net Position by Component - Last Ten Fiscal Years\*  
April 30, 2014 (Unaudited)**

	2005	2006	2007	2008
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 35,696,878	35,263,468	34,832,656	37,525,240
Restricted	1,261,257	1,537,669	4,146,445	2,997,731
Unrestricted	2,465,437	3,222,542	100,002	1,334,347
Total Governmental Activities Net Position	<u>39,423,572</u>	<u>40,023,679</u>	<u>39,079,103</u>	<u>41,857,318</u>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	18,170,244	23,844,675	25,079,272	41,773,060
Restricted	1,725,296	1,725,296	4,853,533	2,034,096
Unrestricted	5,245,468	2,526,091	4,148,245	1,038,565
Total Business-Type Activities Net Position	<u>25,141,008</u>	<u>28,096,062</u>	<u>34,081,050</u>	<u>44,845,721</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	53,867,122	59,108,143	59,911,928	79,298,300
Restricted	2,986,553	3,262,965	8,999,978	5,031,827
Unrestricted	7,710,905	5,748,633	4,248,247	2,372,912
Total Primary Government Net Position	<u>64,564,580</u>	<u>68,119,741</u>	<u>73,160,153</u>	<u>86,703,039</u>

\* Accrual Basis of Accounting

2009	2010	2011	2012	2013	2014
28,038,504	28,852,485	31,717,303	31,509,783	31,610,586	31,546,949
1,132,600	980,879	1,545,154	1,344,310	963,008	1,328,977
9,414,454	5,609,364	1,492,962	2,467,053	3,175,356	1,582,939
<b>38,585,558</b>	<b>35,442,728</b>	<b>34,755,419</b>	<b>35,321,146</b>	<b>35,748,950</b>	<b>34,458,865</b>
44,835,874	45,071,505	43,292,449	41,675,941	41,413,738	40,970,471
1,256,759	1,145,818	-	-	-	-
(169,577)	901,591	3,155,979	3,275,563	2,190,222	4,770,199
<b>45,923,056</b>	<b>47,118,914</b>	<b>46,448,428</b>	<b>44,951,504</b>	<b>43,603,960</b>	<b>45,740,670</b>
72,874,378	73,923,990	75,009,752	73,185,724	73,024,324	72,517,420
2,389,359	2,126,697	1,545,154	1,344,310	963,008	1,328,977
9,244,877	6,510,955	4,648,941	5,742,616	5,365,578	6,353,138
<b>84,508,614</b>	<b>82,561,642</b>	<b>81,203,847</b>	<b>80,272,650</b>	<b>79,352,910</b>	<b>80,199,535</b>

VILLAGE OF WAUCONDA, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years\*  
April 30, 2014 (Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<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	1,663,559
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	5,453,326
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	1,998,821
Interest on Long-Term Debt	13,090	196,590	78,017	119,908	151,007	416,091	444,279	348,042	385,206	363,829
<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>9,479,535</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	5,078,585
<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>14,558,120</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	662,308
Public Safety	286,767	332,127	405,891	343,566	360,306	368,652	469,824	384,362	393,769	440,293
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	425,096
<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>1,527,697</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	4,682,648
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>4,682,648</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>	<b>6,210,345</b>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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)	(7,951,838)
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)	(395,937)
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>	<u>(8,347,775)</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	4,017,239
Other	14,706	12,134	13,391	14,237	14,298	18,644	17,822	-	2,465	71,775
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	1,820,763
Income	658,345	730,817	898,668	1,188,445	1,110,859	972,878	976,160	1,152,528	1,287,081	1,299,065
Replacement tax	24,723	32,093	41,331	42,582	36,162	30,027	37,395	32,313	34,576	35,775
Road & Bridge	48,568	51,517	65,168	74,465	36,826	40,504	42,218	30,652	43,404	41,778
Utility	674,076	974,105	1,197,293	1,345,776	1,331,733	1,208,526	1,200,867	646,730	554,418	562,235
Interest	85,364	251,497	219,555	228,257	92,650	92,961	37,418	3,685	3,767	1,273
Miscellaneous	44,249	3,644,666	117,957	117,886	232,253	206,958	209,815	433,590	321,063	399,083
Transfers	26,549	18,957	-	21,940	-	(48,406)	46,236	-	41,673	(1,587,233)
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>	<u>6,661,753</u>
Business-Type Activities										
Taxes										
Property	-	-	-	-	-	-	-	-	-	610,447
Interest	113,778	244,892	409,579	361,515	91,925	32,174	14,928	23,273	2,808	24,381
Miscellaneous	-	-	-	242,531	1,219,995	2,200,395	252,866	252,866	294,879	310,586
Transfers	(26,549)	(18,957)	-	(21,940)	-	48,406	(46,236)	-	(41,673)	1,587,233
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>	<u>2,532,647</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>	<u>9,194,400</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	(1,290,085)
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)	2,136,710
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>	<u>846,625</u>

\* Accrual Basis of Accounting

**VILLAGE OF WAUCONDA, ILLINOIS**

**Fund Balances of Governmental Funds - Last Ten Fiscal Years\***  
**April 30, 2014 (Unaudited)**

	2005	2006	2007
<b>General Fund</b>			
Reserved	\$ 273,180	290,321	302,787
Unreserved	2,596,833	3,391,191	2,986,858
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	-	-	-
	<u>2,870,013</u>	<u>3,681,512</u>	<u>3,289,645</u>
<b>All Other Governmental Funds</b>			
Reserved	1,084,762	1,346,424	3,935,105
Unreserved, Reported in,			
Special Revenue Funds	-	-	-
Debt Service Funds	-	-	-
Capital Projects Funds	-	-	-
Restricted	-	-	-
Assigned	-	-	-
	<u>1,084,762</u>	<u>1,346,424</u>	<u>3,935,105</u>

\* Modified Accrual Basis of Accounting

Data Source: Village Records

The Village implemented GASB No. 54 in 2012.

2008	2009	2010	2011	2012	2013	2014
311,278	218,951	244,597	686,502	-	-	-
3,130,682	9,930,226	6,138,116	2,086,658	-	-	-
-	-	-	-	187,361	271,470	220,359
-	-	-	-	216,560	121,291	768,087
-	-	-	-	2,838,289	3,518,855	2,060,522
3,441,960	10,149,177	6,382,713	2,773,160	3,242,210	3,911,616	3,048,968
2,785,082	1,046,834	860,781	1,035,150	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,149,910	870,973	595,908
-	-	-	-	74,871	74,871	74,872
2,785,082	1,046,834	860,781	1,035,150	1,224,781	945,844	670,780

VILLAGE OF WAUCONDA, ILLINOIS

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years\*  
 April 30, 2014 (Unaudited)

	2005	2006	2007
<b>Revenues</b>			
Taxes	\$ 2,220,168	2,447,870	2,647,566
Licenses, Permits and Fees	672,388	669,914	365,487
Intergovernmental	3,546,221	4,174,771	4,696,832
Charges for Services	803,286	1,018,198	858,325
Fines and Forfeitures	223,227	257,127	355,891
Interest	85,364	251,497	219,555
Miscellaneous	44,249	3,644,666	117,957
<b>Total Revenues</b>	<b>7,594,903</b>	<b>12,464,043</b>	<b>9,261,613</b>
<b>Expenditures</b>			
General Government	2,059,122	2,224,982	2,546,359
Public Safety	4,381,467	4,837,857	5,624,124
Public Works	909,670	1,094,612	1,493,757
Capital Outlay	2,285,000	3,420,806	215
Debt Service			
Principal Retirement	137,688	91,667	33,165
Interest and Fiscal Charges	13,090	196,590	39,529
<b>Total Expenditures</b>	<b>9,786,037</b>	<b>11,866,514</b>	<b>9,737,149</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,191,134)	597,529	(475,536)
<b>Other Financing Sources (Uses)</b>			
Debt Issuance	-	19,500	2,609,152
Premium on Debt Issuance	-	-	-
Disposal of Capital Assets	-	437,175	63,199
Transfers In	790,986	736,103	848,538
Transfers Out	(764,437)	(717,146)	(848,538)
<b>Total Other Financing Sources (Uses)</b>	<b>26,549</b>	<b>475,632</b>	<b>2,672,351</b>
<b>Net Change in Fund Balances</b>	<b>(2,164,585)</b>	<b>1,073,161</b>	<b>2,196,815</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>2.10%</b>	<b>2.49%</b>	<b>0.79%</b>

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

2008	2009	2010	2011	2012	2013	2014
2,980,930	3,163,436	3,897,441	3,949,224	3,986,680	3,991,032	4,017,239
289,158	219,438	266,547	209,107	251,266	236,244	134,744
5,364,783	4,640,103	4,197,783	4,454,547	3,981,344	4,119,223	4,256,487
990,795	1,048,165	675,173	640,166	469,032	508,605	539,314
343,566	360,306	368,652	469,824	384,362	393,769	440,293
228,257	92,650	92,961	37,418	3,685	3,767	1,273
117,886	232,253	206,958	209,815	433,590	321,063	399,083
10,315,375	9,756,351	9,705,515	9,970,101	9,509,959	9,573,703	9,788,433
2,383,867	1,929,351	1,564,788	1,147,524	1,235,684	1,297,106	1,499,380
6,123,533	6,544,396	6,733,932	6,914,200	5,350,381	5,339,644	5,266,759
2,901,622	2,976,800	1,206,675	1,104,073	1,092,006	1,065,988	1,515,768
224	157,485	3,357,373	3,569,954	824,347	658,129	123,711
129,828	157,839	374,921	418,738	461,179	578,333	587,780
109,612	120,475	420,724	405,829	396,797	391,801	370,462
11,648,686	11,886,346	13,658,413	13,560,318	9,360,394	9,331,001	9,363,860
(1,333,311)	(2,129,995)	(3,952,898)	(3,590,217)	149,565	242,702	424,573
275,727	7,022,732	-	110,588	499,416	106,094	24,948
-	70,061	-	-	-	-	-
37,936	6,171	48,787	4,197	9,700	-	-
928,440	609,047	642,441	2,040,248	60,267	518,209	12,767
(906,500)	(609,047)	(690,847)	(2,000,000)	(60,267)	(476,536)	(1,600,000)
335,603	7,098,964	381	155,033	509,116	147,767	(1,562,285)
(997,708)	4,968,969	(3,952,517)	(3,435,184)	658,681	390,469	(1,137,712)
3.53%	2.38%	6.65%	8.26%	10.13%	11.19%	10.75%

**VILLAGE OF WAUCONDA, ILLINOIS**

**Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years  
April 30, 2014 (Unaudited)**

Fiscal Year	Tax Levy Year	Residential Property	Farm	Commercial Property
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
2014	2013	256,344,873	326,773	42,122,180

Data Source: Office of the County Clerk

Industrial Property	Less: Tax-Exempt Property	Total Estimated Assessed Value	Total Direct Tax Rate
\$ 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
40,625,340	-	339,419,166	1.398

**VILLAGE OF WAUCONDA, ILLINOIS**

**Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years  
April 30, 2014 (Unaudited)**

	2005	2006	2007
<b>Village Direct Rates</b>			
General	0.140	0.202	0.099
Police Protection	0.096	0.150	0.135
Audit	0.009	0.007	0.006
Tort Immunity	0.037	0.031	0.024
Fire	0.116	0.103	0.094
Ambulance	0.165	0.147	0.133
Street and Bridge	0.011	0.007	-
Bond and Interest	-	-	-
IMRF	0.066	-	0.061
Social Security	0.083	-	0.073
Police Pension	0.083	0.097	0.098
<b>Total Direct Rates</b>	<b>0.806</b>	<b>0.744</b>	<b>0.723</b>
<b>Overlapping Rates</b>			
Lake County	0.465	0.454	0.450
Lake County Forest Preserve	0.219	0.210	0.204
Wauconda Park District	0.354	0.322	0.311
Wauconda Library District	0.375	0.359	0.339
Fremont Library District	N/A	N/A	N/A
Unit School District #118	3.889	4.195	4.076
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	0.200	0.197	0.195
<b>Total Direct and Overlapping Rates</b>	<b>6.308</b>	<b>6.481</b>	<b>6.298</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.

2008	2009	2010	2011	2012	2013	2014
0.176	0.168	0.429	0.438	0.438	0.438	0.319
0.129	0.118	0.141	0.150	0.181	0.209	0.374
0.007	0.007	0.008	0.008	0.009	0.010	0.011
0.001	0.027	0.034	0.042	0.045	0.052	0.052
0.151	0.143	0.001	-	-	-	-
0.151	0.143	0.001	-	-	-	-
-	-	-	0.002	0.002	0.003	0.003
-	0.116	0.121	0.132	0.146	0.335	0.364
-	0.011	0.009	0.012	0.013	0.039	0.043
-	0.011	0.017	0.019	0.020	0.034	0.038
0.103	0.096	0.097	0.112	0.127	0.150	0.194
0.718	0.840	0.858	0.915	0.981	1.270	1.398
0.444	0.453	0.464	0.505	0.554	0.608	0.663
0.201	0.199	0.200	0.198	0.201	0.212	0.218
0.312	0.311	0.317	0.331	0.360	0.418	0.460
0.335	0.337	0.342	0.369	0.412	0.474	0.527
N/A	N/A	N/A	N/A	0.381	0.430	0.468
4.025	4.116	4.228	4.802	5.363	6.296	7.074
N/A	N/A	N/A	N/A	2.937	3.267	3.521
N/A	N/A	N/A	N/A	2.165	2.439	2.645
0.192	0.190	0.200	0.218	0.240	0.272	0.296
6.227	6.446	6.609	7.338	13.594	15.686	17.270

**VILLAGE OF WAUCONDA, ILLINOIS**

**Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago  
April 30, 2014 (Unaudited)**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
RGP-LP - Library Square	\$ 3,524,762	1	1.04%			
Synergy Flavors, Inc	2,926,193	2	0.86%			
Inland Wauconda Crossings	2,496,392	3	0.74%			
Fidelitone	2,435,409	4	0.72%	\$ 2,560,497	1	0.72%
Wauconda Health Care	1,820,262	5	0.54%			
CR Realty Advisors	1,486,651	6	0.44%			
Liberty Arms LLC	1,477,039	7	0.44%			
Lemoyne Associates	1,333,524	8	0.39%			
K-Wall Corporation	1,058,913	9	0.31%	1,060,050	10	0.30%
Clover Investments Corp	1,041,664	10	0.31%			
Wauconda LLC				1,523,038	2	0.43%
Wauconda Associates				1,404,469	3	0.39%
Kangas Antti				1,346,554	4	0.38%
Amaglamated Bank of Chicago				1,325,344	5	0.37%
Den Mar V				1,283,291	6	0.36%
Individual				1,259,753	7	0.35%
Stack on Products				1,145,255	8	0.32%
Henri Studio				1,132,183	9	0.32%
	<u>19,600,809</u>		<u>5.79%</u>	<u>14,040,434</u>		<u>3.95%</u>

Data Source: Office of the County Clerk

**VILLAGE OF WAUCONDA, ILLINOIS**

**Property Tax Levies and Collections - Last Ten Fiscal Years  
April 30, 2014 (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
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	4,627,687	99.95%	-	4,627,687	99.95%
2015	2013	4,745,080	-	0.00%	-	-	0.00%

Data Source: Office of the County Clerk

Note: The 2013 Levy is not collected until fiscal year 2015.

**VILLAGE OF WAUCONDA, ILLINOIS**

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years  
April 30, 2014 (Unaudited)**

Fiscal Year	Governmental Activities		
	General Obligation Bonds	Alternate Revenue Bonds	Installment Contracts
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
2014	5,600,000	1,860,000	597,156

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					
General Obligation Bonds	Installment Contracts	Alternate Revenue Bonds	IEPA Loan	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	
\$ -	\$ -	\$ -	\$ -	\$ 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	
9,500,000	589,155	5,930,000	4,245,470	22,944,613	5.64%	1,686.73	
9,100,000	424,393	5,725,000	3,993,843	21,700,392	4.63%	1,569.88	

**VILLAGE OF WAUCONDA, ILLINOIS**

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years  
April 30, 2014 (Unaudited)**

Fiscal Year	General Obligation Bonds	Less Amount Available	Totals	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2005	\$ 68,527	\$ -	\$ 68,527	0.02%	\$ 7.25
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	7,000,000	-	7,000,000	1.51%	740.90
2010	6,780,000	-	6,780,000	1.47%	537.50
2011	6,530,000	-	6,530,000	1.49%	517.68
2012	6,250,000	-	6,250,000	1.53%	459.46
2013	5,940,000	-	5,940,000	1.63%	436.67
2014	5,600,000	-	5,600,000	1.65%	405.12

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, 2014 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to Village (1)	Village's Share of Debt
Village	\$ 8,057,156	100.000%	\$ 8,057,156
<b>Overlapping Debt</b>			
Lake County	103,460,000	1.409%	1,457,751
Lake County Forest Preserve	273,410,000	1.409%	3,852,347
Wauconda Park District	-	95.362%	-
Fremont Public Library District	3,625,000	6.077%	220,291
Wauconda Library District	235,000	46.131%	108,408
Grade School District #79	23,610,000	8.456%	1,996,462
High School District #120	9,364,073	5.195%	486,464
Unit School District #118	72,170,146	46.361%	33,458,801
Community School District #532	76,890,000	1.486%	1,142,585
Total Overlapping Debt	562,764,219		42,723,109
Total Direct and Overlapping Debt	570,821,375		50,780,265

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, 2014 (Unaudited)**

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	2005	2006	2007
Legal Debt Limit	\$ 26,214,136	30,691,799	35,205,984
Total Net Debt Applicable to Limit	68,527	-	7,500,000
Legal Debt Margin	26,145,609	30,691,799	27,705,984
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.26%	0.00%	21.30%

Data Source: Village Records

2008	2009	2010	2011	2012	2013	2014
37,823,612	39,963,217	39,667,008	37,693,058	35,166,055	31,442,765	29,274,903
7,260,000	7,728,471	7,981,661	7,607,482	9,715,343	16,744,143	15,721,549
30,563,612	32,234,746	31,685,347	30,085,576	25,450,712	14,698,622	13,553,354
19.19%	19.34%	20.12%	20.18%	27.63%	53.25%	53.70%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value	<u>\$ 339,419,166</u>
Bonded Debt Limit - 8.625% of Assessed Value	29,274,903
Amount of Debt Applicable to Limit	<u>15,721,549</u>
Legal Debt Margin	<u>13,553,354</u>

**VILLAGE OF WAUCONDA, ILLINOIS**

**Pledged-Revenue Coverage - Last Ten Fiscal Years  
April 30, 2014 (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		
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	
2014	4,676,648	2,960,242	1,716,406	251,627	77,876	5.21	

(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, 2014 (Unaudited)

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Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2014	13,823	468,267,948	33,876	6.90%

Data Source: Illinois Department of Employment Security (IDES)

**VILLAGE OF WAUCONDA, ILLINOIS**

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago  
April 30, 2014 (Unaudited)**

Employer	2014			2005		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Lacosta, Inc.	1,600	1	19.02%	1,600	1	N/A
Wauconda Cmty Sch Dist 118	650	2	7.73%			
Fidelitone, Inc	600	3	7.13%			
Bel-Rae Inc	500	4	5.94%			
Stack On Products	400	5	4.76%	200	5	N/A
Acres Group	200	6	2.38%			
Jewel Osco	160	7	1.90%			
Berger Excavationg	150	8	1.78%			
Henri Studio LLC	150	9	1.78%	345	3	N/A
Wauconda Health Care	120	10	1.43%			
AccuRest, Inc.				1,000	2	N/A
Asbach & Vanselow				300	4	N/A
ILT Vignocchi				200	6	N/A
Samco, LTD				150	7	N/A
Logan Graphic Prodcuts				85	8	N/A
Morris Mailing				70	9	N/A
Heartland Computers				70	10	N/A
	<u>4,530</u>		<u>53.85%</u>	<u>4,020</u>		<u>N/A</u>

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

**VILLAGE OF WAUCONDA, ILLINOIS**

**Full-Time Equivalent Village Government Employees by Function - Last Ten Fiscal Years  
April 30, 2014 (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, 2014 (Unaudited)**

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	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government			
Administration	7	7	7
Building Department	6	8	8
Environmental	2	3	3
Economic Development	-	-	-
Public Safety			
Police	35	36	39
Public Works			
Highways and Streets	8	8	8
Waterworks and Sewerage	<u>10</u>	<u>14</u>	<u>16</u>
Total	<u>68</u>	<u>76</u>	<u>81</u>

Data Source: Various Village Departments

2008	2009	2010	2011	2012	2013	2014
9	8	6	5	5	5	5
8	6	1	1	2	2	1
3	2	-	-	-	-	-
-	-	-	1	1	1	1
41	37	37	37	37	38	35
9	11	9	9	9	6	6
16	12	13	13	14	15	13
86	76	66	66	68	67	61

**VILLAGE OF WAUCONDA, ILLINOIS**

**Operating Indicators by Function/Program - Last Ten Fiscal Years  
April 30, 2014 (Unaudited)**

	2005	2006	2007
<b>General Government</b>			
Business Licenses	N/A	137	127
Tobacco Licenses	N/A	22	20
Liquor Licenses	N/A	26	25
<b>Public Safety</b>			
Police			
Part I Crimes	96	103	62
Part II Crimes	4,807	5,252	4,995
Parking Violations	769	1,397	1,174
<b>Public Works</b>			
Parkway Trees Planted	67	63	34
Parkway Trees Trimmed	200	132	256
Street Resurfacing (Miles)	N/A	N/A	N/A
<b>Waterworks and Sewerage</b>			
Number of Metered Accounts	4,405	4,771	5,339
Number of Hydrants Flushed/Inspected	102	N/A	55
New Connections	482	366	568
Water Mains Breaks	7	15	5
Water Average Daily Consumption (Thousands of Gallons)	1,151,394	1,080,621	1,256,216
Average Daily Sewage Treatment (Thousands of Gallons)	1,706,000	1,720,000	1,428,000

Data Source: Various Village Departments

N/A - Information not Available

2008	2009	2010	2011	2012	2013	2014
138	126	119	119	133	125	122
22	14	15	17	19	14	18
29	30	30	31	35	35	30
N/A	204	226	196	340	169	157
N/A	6,072	6,521	6,251	6,150	6,308	6,110
1,056	1,332	1,449	1,177	978	810	948
44	-	35	-	23	32	-
764	700	113	750	800	275	850
0.47	5.50	5.40	6.00	1.00	1.25	-
5,538	5,896	5,921	6,116	6,253	6,304	6,590
417	2	211	256	317	279	300
199	64	50	43	39	51	20
9	6	12	17	11	7	15
1,316,444	1,408,000	943,243	1,135,000	1,127,000	1,121,000	1,087,000
1,523,000	1,500,000	1,472,000	1,510,000	1,458,000	1,437,000	1,211,000

**VILLAGE OF WAUCONDA, ILLINOIS**

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years  
April 30, 2014 (Unaudited)**

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	2005	2006	2007
<b>Public Safety</b>			
Police			
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)	2	2	2
Fire Hydrants Total	720	793	917
Fire Hydrants	63	24	73
Sanitary Sewers (Miles)	N/A	N/A	N/A
Storm Sewers (Miles)	N/A	N/A	N/A

Data Source: Various Village Departments

N/A - Information not Available

2008	2009	2010	2011	2012	2013	2014
1	1	1	1	1	1	1
3	N/A	21	19	19	19	19
9	-	70	73	73	73	73
N/A	-	556	556	556	556	556
1	-	70	70	70	70	70
N/A	567	924	952	952	952	956
124	-	N/A	N/A	N/A	-	4
10	29	60	60	60	60	60
10	-	20	20	20	20	20