

VILLAGE OF CHERRY VALLEY, ILLINOIS

ANNUAL FINANCIAL REPORT

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Village of Cherry Valley
Cherry Valley, Illinois

We have audited the accompanying financial statements of the Village of Cherry Valley, Illinois, as of and for the year ended April 30, 2013, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on the Omission of Fixed Assets and Debt

Management has decided not to include fixed assets and debt in the financial statements. Even though these financial statements are presented in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, the inclusion of fixed assets and debt is required. The amount by which this departure would affect the assets and net position in the Statement of Net Position and the Statement of Activities, as well as assets, net position, and expenditures of the Water Fund has not been determined.

Qualified Opinion

In our opinion, except for the matter described in the "Basis for Qualified Opinion on the Omission of Fixed Assets and Debt" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cherry Valley, Illinois, as of April 30, 2013, and the respective changes in financial position - modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Cherry Valley, Illinois's basic financial statements. The combining and individual fund financial statements and schedules on pages 44-47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements 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 and certain additional procedures. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole on the basis of accounting describe in Note 1 to the financial statements. The management's discussion and analysis on pages 3-9 and budgetary comparison information on pages 39 and 48-54, as well as the additional information presented on pages 40-43 and page 55, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Freeport, Illinois
July 2, 2013

VILLAGE OF CHERRY VALLEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013
(Unaudited)

This section of the Village of Cherry Valley's Annual Financial Report presents management's discussion and analysis of the Village's financial performance during the year ended April 30, 2013 within the limitations of the Village's modified cash basis of accounting. Please read it in conjunction with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The total net position of the Village was \$9,108,653 at April 30, 2013. Of this amount, \$6,347,926 is unrestricted and \$2,570,994 is restricted for capital projects and \$189,733 is restricted for street repairs. The Village increased its total net position by \$711,307 in fiscal year 2013. This increase was primarily a result of an increase in revenues.
- As of April 30, 2013, the Village's governmental funds reported combined ending fund balances of approximately \$5,965,824. This increase of \$1,582,739 from the prior year results primarily from an increase in revenues. In the prior year there was also an increase of \$1,300,640.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements, which present different views of the Village: government-wide financial statements and fund financial statements. The basic financial statements also include notes to the financial statements.

The *statement of net position* and *statement of activities* are **government-wide** financial statements that provide both short and long-term information about the Village's overall financial status.

The remaining statements are **fund financial statements** that focus on individual parts of the Village government, reporting Village operation in more detail than the government-wide financial statements.

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

The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the Village's financial statements.

The Village's financial statements are presented using a modified cash basis of accounting. This basis recognizes cash and cash equivalents and investments, net positions/fund equity, revenues and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Government-Wide Financial Statements

The government-wide financial statements report information about the Village as a whole. The statement of net position includes all of the Village's assets resulting from the use of the modified cash basis of accounting. All of the current year's revenues and expenses are accounted for in the statement of activities.

The two government-wide financial statements for the Village report the net position and how it has changed. Keeping in mind the limitations of the modified cash basis of accounting, analyzing the change in net position is one way to measure the Village's financial health or position.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Village's overall health, you need to consider additional nonfinancial factors such as changes in the Village's property and sales tax base.

The Village's activities relating to administration, police protection and maintenance of streets and parks are considered to be governmental-type activities. The Village's activities relating to water services are considered to be business-type activities.

Fund Financial Statements

The fund financial statements for the Village provide more detailed information about the Village's funds, focusing on its most significant or "major" funds – not the Village as a whole. Funds are accounting devices the Village uses to keep track of specific sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The Village establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt).

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position – Modified Cash Basis

The Village's total net position, resulting from modified cash basis transactions, was higher in fiscal year 2013 than the year before, increasing approximately 8.5% from \$8,397,346 to \$9,108,653. The following provides a summary of the Village's net position at April 30, 2013 and 2012.

Table 1
Statement of Net Position
As of April 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Cash and cash equivalents \$	57,410	26,273	2,788	3,577	60,198	29,851
Investments	5,908,414	4,356,811	3,140,041	4,010,684	9,048,455	8,367,495
Total assets	5,965,824	4,383,085	3,142,829	4,014,261	9,108,653	8,397,346
Liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Net position:						
Restricted for high-ways and streets	189,733	103,933	-	-	189,733	103,933
Restricted for capital projects	2,570,994	1,684,058	-	1,413,941	2,570,994	3,097,999
Unrestricted	3,205,097	2,595,094	3,142,829	2,600,320	6,347,927	5,195,414
Total net position	\$ 5,965,824	4,383,085	3,142,829	4,014,261	9,108,653	8,397,346

The increase in the Village's financial position is attributable to an overall increase in revenues.

Changes in Net Position – Modified Cash Basis

The Village's total revenues were \$9,141,598. This is an increase from the prior year of \$2,197,168 or approximately 32%. Municipal sales taxes comprise approximately 65% of the Village's revenue. Approximately 14% of revenue is obtained from fees charged for services. 14% of revenue was from miscellaneous sources which included insurance reimbursements of \$747,441 for the public works building damaged by fire. The remainder of revenue is obtained from other taxes, investment earnings and grants.

The total cost of all programs and services was \$6,854,291 for the year ended April 30, 2013. This is an increase from the prior year of \$1,407,199. The Village's expenses are predominantly related to the maintenance of streets and parks, police protection, maintenance and improvement of the waterworks system and the service of debt.

Statement of Changes In Net Position

The following chart provides a summary of the Village's changes in net position (resulting from modified cash basis transactions) for the year ended April 30, 2013:

Table 2
Changes in Net Position
For the Years Ended April 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
RECEIPTS						
Program receipts:						
Charges for services	\$ 243,300	222,081	1,020,883	931,230	1,264,183	1,153,311
Operating grants	-	-	-	-	-	-
Capital grants	11,093	-	-	-	11,093	-
General receipts:						
Sales taxes	5,905,525	4,966,773	-	-	5,905,525	4,966,773
Income taxes	333,247	198,062	-	-	333,247	198,062
Telecommunication taxes	43,961	123,571	-	-	43,961	123,571
Other taxes	243,415	315,269	-	-	243,415	315,269
Investment income	10,058	5,487	10,078	8,808	20,136	14,295
Miscellaneous	940,350	157,406	379,688	15,742	1,320,038	173,148
Total receipts	7,730,949	5,988,651	1,410,649	955,780	9,141,598	6,944,430
EXPENDITURES						
General government	678,124	689,621	-	-	678,124	689,621
Public safety	1,997,014	1,759,387	-	-	1,997,014	1,759,387
Public works	2,645,482	1,402,098	-	-	2,645,482	1,402,098
Debt - principal	765,000	745,000	-	-	765,000	745,000
Debt - interest	62,590	91,905	-	-	62,590	91,905
Water	-	-	706,081	759,081	706,081	759,081
Total expenditures	6,148,210	4,688,011	706,081	759,081	6,854,291	5,447,092
Excess of revenues over expenditures	1,582,739	1,300,640	704,568	196,698	2,287,307	1,497,338
Other financing sources (uses)	-	-	(1,576,000)	-	(1,576,000)	-
Changes in net position	1,582,739	1,300,640	(871,432)	196,698	711,307	1,497,338
Beginning net position	4,383,085	3,082,445	4,014,261	3,817,563	8,397,346	6,900,008
Ending net position	\$ 5,965,824	4,383,085	3,142,829	4,014,261	9,108,653	8,397,346

For more detailed information see the Statement of Activities.

The following table presents the cost of the three major Village activities (public safety, public works and water service) along with administration and the service of debt. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the Village's taxpayers by each of these functions.

	Total Cost of Services 2013	Net Cost of Services 2013
Public safety	\$ 1,997,014	1,794,796
Public works	2,645,482	2,645,482
Water	706,081	(314,802)
Administration	678,124	625,949
Debt principal payments	765,000	765,000
Interest on debt	62,590	62,590
	<u>\$ 6,854,291</u>	<u>5,579,015</u>

The cost of all activities this year was \$6,854,291. Individuals who directly participated or benefited from a program offering paid for approximately \$1,275,276.

The net cost of services was primarily financed by Village taxpayers through municipal sales taxes, other taxes and other miscellaneous revenues, which totaled \$7,866,322.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The financial performance of the Village is also reflected in its governmental and business-type funds throughout the fund financial statements. The Village completed the year with a total governmental fund balance of \$5,965,824, an increase of \$1,582,739 from the prior year's total governmental fund balance of \$4,383,085. A significant portion of this change is due to an increase in revenues.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,101,877. The fund balance of the Village's General Fund increased by \$784,313 during the current fiscal year.

The Debt Service Fund total fund balance at year-end was \$103,220 all of which is reserved for the payment of debt service. The net decrease in fund balance during the year was \$174,310. The Village made general obligation bond principal payments of \$765,000 and interest payments of \$62,590.

The Capital Projects Fund total fund balance at year-end was \$2,570,994. There was a net increase in fund balance of \$886,936 from 2012. This increase is mainly due to the additional 1% sales tax. The payments began in October of 2011. The tax is for a five year period with an effective date of July 1, 2011.

The Village completed the year with a net position of \$3,142,829 in its Water Fund, a business-type fund, a \$871,432 decrease from the prior year balance of \$4,014,261. The decrease is mainly due to bond payments.

General Fund Budgetary Highlights

Over the course of the year, the Village amended the operating budget once. Differences between the original budget and the final amended budget for the General Fund were not significant.

Although the Village's final budget for the general fund anticipated that revenues would surpass expenses by \$73,885, the actual reports for the year show a surplus of \$784,313.

DEBT ADMINISTRATION

Long-term Obligations

At April 30, 2013, the Village had \$845,000 outstanding in general obligation bonds in the governmental activities funds and \$3,295,000 in the business type activities fund. This is a combined increase of \$45,000 from the prior year. See Note 4 to the basic financial statements for more details.

The following table shows the Village's outstanding long-term obligations:

**Table 3
Outstanding Long-Term Debt**

<u>GOVERNMENTAL ACTIVITIES</u>	April 30, 2012	Net Change	April 30, 2013
General obligation bonds	\$ 1,610,000	(765,000)	845,000
Compensated absences	260,000	(33,000)	227,000
Intergovernmental agreement	300,000	(150,000)	150,000
Police pension underfunding	4,304	-	4,304
Post employment benefit underfunding	25,203	-	25,203
Total outstanding long-term debt	\$ 2,199,507	(948,000)	1,251,507

<u>BUSINESS-TYPE ACTIVITIES</u>	April 30, 2012	Net Change	April 30, 2013
General obligation bonds	\$ 2,485,000	810,000	3,295,000
Compensated absences	6,300	3,400	9,700
Total outstanding long-term debt	\$ 2,491,300	813,400	3,304,700

Although the 2005A G.O. Alternate Revenue Bond (included in business-type activities) is still outstanding, it should be noted that \$2,335,000 in state and local government series (SLGS) securities were purchased in order to advance refund this bond when callable in 2015.

During 2013, the Village did not experience any negative changes in its credit rating or limitation. The Village refinanced existing debt during the fiscal year to realize a cost savings to taxpayers.

ECONOMIC FACTORS

The Village of Cherry Valley is beginning to experience a small increase in the construction of new homes and new businesses. Discussions with local realtors and developers indicates this trend will probably continue to improve. The resulting impact on the Village is negligible for the fact that the Village does not actively pursue residential development, nor does it levy or collect a municipal property tax on residential or commercial properties.

The Village's largest source of revenue continues to be the 1% retail sales tax, which accounts for a significant portion of the Village's overall revenue stream. Data provided by the Illinois Department of Revenue shows the Village experienced a slight decrease over the previous budget year. The region's economy continues to struggle, and financial woes within some of the national retailers located in the Village are still of great concern. There has been an increase in retailers inquiring about locations in the Village, however, no retailer has committed to building within the Village over the next year.

Other revenues are expected to increase slightly. The State of Illinois continues to be late in some of its payments to local governments. Continued discussion in Springfield indicates that the State may further reduce the percentages paid to municipalities in its various Local Government Distribute Funds (LGDF).

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Karen Melloch, Treasurer, Village of Cherry Valley, 806 East State Street, Cherry Valley, Illinois, 61016.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Statement of Net Position - Modified Cash Basis
April 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Assets:			
Cash and cash equivalents	\$ 57,410	2,788	60,198
Investments	<u>5,908,414</u>	<u>3,140,041</u>	<u>9,048,455</u>
Total assets	<u>5,965,824</u>	<u>3,142,829</u>	<u>9,108,653</u>
 <u>Liabilities and Net Position</u>			
Liabilities:			
	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Restricted:			
Highways and streets	189,733	-	189,733
Capital projects	2,570,994	-	2,570,994
Unrestricted	<u>3,205,097</u>	<u>3,142,829</u>	<u>6,347,926</u>
Total net position	<u>\$ 5,965,824</u>	<u>3,142,829</u>	<u>9,108,653</u>

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Activities - Modified Cash Basis

For the Year Ended April 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 678,124	41,082	11,093	-	(625,949)	-	(625,949)
Public safety	1,997,014	202,218	-	-	(1,794,796)	-	(1,794,796)
Public works	2,645,482	-	-	-	(2,645,482)	-	(2,645,482)
Debt principal payments	765,000	-	-	-	(765,000)	-	(765,000)
Interest	62,590	-	-	-	(62,590)	-	(62,590)
Total governmental activities	6,148,210	243,300	11,093	-	(5,893,817)	-	(5,893,817)

Business-type activities:

Water							
Total business-type activities	706,081	1,020,883	-	-	-	314,802	314,802
Total	\$ 6,854,291	1,264,183	11,093	-	(5,893,817)	314,802	(5,579,015)

General revenues:

Taxes:							
Taxes - municipal sales					5,905,525	-	5,905,525
Taxes - state income					333,247	-	333,247
Taxes - telecommunications					43,961	-	43,961
Taxes - other					243,415	-	243,415
Investment income					10,058	10,078	20,136
Miscellaneous					940,350	379,688	1,320,038
Total general revenues					7,476,556	389,766	7,866,322

Other financing sources (uses):

Total financing uses						(1,576,000)	(1,576,000)
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Change in net position

Net position:							
Beginning					1,582,739	(871,432)	711,307
Ending					4,383,085	4,014,261	8,397,346

Ending

\$ 5,965,824 3,142,829 9,108,653

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis
Governmental Funds

April 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 13,508	-	28,169	15,733	57,410
Investments	<u>3,088,369</u>	<u>103,220</u>	<u>2,542,825</u>	<u>174,000</u>	<u>5,908,414</u>
Total assets	<u><u>3,101,877</u></u>	<u><u>103,220</u></u>	<u><u>2,570,994</u></u>	<u><u>189,733</u></u>	<u><u>5,965,824</u></u>
Liabilities:					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted for:					
Debt Service	-	103,220	-	-	103,220
Special Revenue	-	-	-	189,733	189,733
Committed to:					
Capital projects funds	-	-	2,547,744	-	2,547,744
Assigned to:					
Cherry Valley Festival Days	-	-	23,250	-	23,250
Unassigned:					
General Fund	<u>3,101,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,101,877</u>
Total fund balances	<u><u>3,101,877</u></u>	<u><u>103,220</u></u>	<u><u>2,570,994</u></u>	<u><u>189,733</u></u>	<u><u>5,965,824</u></u>
Total liabilities and fund balances	\$ <u><u>3,101,877</u></u>	<u><u>103,220</u></u>	<u><u>2,570,994</u></u>	<u><u>189,733</u></u>	<u><u>5,965,824</u></u>

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balances - Modified Cash Basis

Governmental Funds

For the Year Ended April 30, 2013

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues received:					
Intergovernmental					
Taxes - municipal sales	\$ 3,320,414	-	2,585,111	-	5,905,525
Taxes - other	535,112	-	-	85,511	620,623
Licenses, fees, and permits	243,300	-	-	-	243,300
Impact fees	-	-	-	-	-
Interest	6,108	376	3,285	289	10,058
Other	203,503	-	747,940	-	951,443
Total revenues	<u>4,308,437</u>	<u>376</u>	<u>3,336,336</u>	<u>85,800</u>	<u>7,730,949</u>
Expenditures disbursed:					
Current:					
General government	674,842	-	-	-	674,842
Public safety	1,959,166	-	-	-	1,959,166
Public works	803,308	-	-	-	803,308
Capital outlay	86,808	-	1,796,496	-	1,883,304
Debt service:					
Principal	-	765,000	-	-	765,000
Interest	-	62,590	-	-	62,590
Total expenditures	<u>3,524,124</u>	<u>827,590</u>	<u>1,796,496</u>	<u>-</u>	<u>6,148,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>784,313</u>	<u>(827,214)</u>	<u>1,539,840</u>	<u>85,800</u>	<u>1,582,739</u>
Other financing sources (uses)					
Transfers in	-	652,904	-	-	652,904
Transfers out	-	-	(652,904)	-	(652,904)
Total other financing sources (uses)	<u>-</u>	<u>652,904</u>	<u>(652,904)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	784,313	(174,310)	886,936	85,800	1,582,739
Fund balances:					
Beginning	<u>2,317,564</u>	<u>277,530</u>	<u>1,684,058</u>	<u>103,933</u>	<u>4,383,085</u>
Ending	\$ <u><u>3,101,877</u></u>	<u><u>103,220</u></u>	<u><u>2,570,994</u></u>	<u><u>189,733</u></u>	<u><u>5,965,824</u></u>

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

VILLAGE OF CHERRY VALLEY, ILLINOIS
Statement of Net Position - Modified Cash Basis
Enterprise Fund - Water

April 30, 2013

With Comparative Totals for the Year Ended April 30, 2012

	Water Fund	
	2013	2012
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,788	3,577
Investments	3,140,041	4,010,684
Total assets	3,142,829	4,014,261
<u>Liabilities and Net Position</u>		
Liabilities	-	-
Net Position:		
Restricted net position – capital projects	-	1,413,941
Unrestricted net position	3,142,829	2,600,320
Total net position	\$ 3,142,829	4,014,261

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Revenues, Expenses,
and Changes in Net Position - Modified Cash Basis
Enterprise Fund - Water

For the Year Ended April 30, 2013

With Comparative Totals for the Year Ended April 30, 2012

	Water Fund	
	2013	2012
Operating revenues:		
User fees	\$ 1,006,684	920,205
Hookup fees	11,046	8,972
Service initiation	3,153	2,052
Miscellaneous	379,688	15,742
Total operating revenues	1,400,571	946,972
Operating expenses:		
Personnel and personnel services	199,025	227,489
Contractual services	115,144	107,240
Commodities	53,413	50,222
Other	27,630	600
Total operating expenses	395,212	385,551
Operating income (loss)	1,005,359	561,421
Non-operating revenues (expenses):		
Capital outlay	(53,291)	(116,095)
Debt service - principal	(150,000)	(145,000)
Debt service - interest	(107,578)	(112,435)
Interest income	10,078	8,808
Total non-operating revenues (expenses)	(300,791)	(364,723)
Other financing sources (uses):		
Payment to refunded bond escrow agent	(2,521,670)	-
Premium on bond issuance	11,953	-
Refunding bond proceeds	960,000	-
Bond issue costs	(26,283)	-
Total other financing sources (uses)	(1,576,000)	-
Change in net position	(871,432)	196,698
Net Position:		
Net Position - beginning	4,014,261	3,817,563
Net Position - ending	\$ 3,142,829	4,014,261

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Cash Flows - Modified Cash Basis

Enterprise Fund - Water

For the Year Ended April 30, 2013

With Comparative Totals for the Year Ended April 30, 2012

	Water Fund	
	2013	2012
Cash flows from operating activities:		
Receipts from customers	\$ 1,400,571	946,972
Payments to suppliers	(196,187)	(158,062)
Payments to employees	(199,025)	(227,489)
Net cash flows from operating activities	1,005,359	561,421
Cash flows from capital and related financing activities:		
Payment of revenue bond principal and notes payable	(150,000)	(145,000)
Purchase of fixed assets	(53,291)	(116,095)
Interest paid	(107,578)	(112,435)
Payment to refunded bond escrow agent	(2,521,670)	-
Premium on bond issuance	11,953	-
Refunding bond proceeds	960,000	-
Bond issue costs	(26,283)	-
Net cash flows from capital financing activities	(1,886,869)	(373,530)
Cash flows from investing activities:		
Purchase of investments	(8,682,456)	(10,197,575)
Sales of investments	9,553,099	10,004,120
Interest on investments	10,078	8,806
Net cash flows from investing activities	880,721	(184,649)
 Net (decrease) increase in cash and cash equivalents	 (789)	 3,242
Cash and cash equivalents, beginning of year	3,577	335
Cash and cash equivalents, end of year	\$ 2,788	3,577

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

VILLAGE OF CHERRY VALLEY, ILLINOIS
Statement of Fiduciary Net Position - Modified Cash Basis
Police Pension Trust Fund
April 30, 2013
With Comparative Totals for the Year Ended April 30, 2012

	Police Pension	
	2013	2012
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 22,586	19,548
Investments	2,296,749	1,986,791
Accrued interest	10,512	-
Total assets	2,329,847	2,006,338
<u>Liabilities and Net Position</u>		
Liabilities	-	-
	-	-
Net position:		
Held in trust for pension benefits	2,329,847	2,006,338
Total net position	\$ 2,329,847	2,006,338

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Police Pension Trust Fund

For the Year Ended April 30, 2013

With Comparative Totals for the Year Ended April 30, 2012

	Police Pension	
	2013	2012
Additions:		
Contributions:		
Employer	\$ 376,000	291,665
Employee	91,192	85,233
Total contributions	467,192	376,898
Net investment income	75,306	61,836
Realized (loss) gain	36,031	4,538
Investment fees	(10,408)	(9,121)
Total investment income	100,929	57,253
Total additions	568,121	434,151
Deductions:		
General administration	14,765	5,235
Pension benefits	229,847	223,302
Total deductions	244,612	228,537
Change in net position	323,509	205,614
Net position - beginning	2,006,338	1,706,459
Prior year adjustment	-	94,265
Net position - ending	\$ 2,329,847	2,006,338

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

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements
April 30, 2013

1. NATURE OF OPERATIONS, FINANCIAL REPORTING ENTITY, BASIS OF PRESENTATION, AND ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: The Village is a municipal corporation located in Winnebago and Boone Counties, Illinois, which is governed by an elected president and a six-member board of trustees. The Village provides services to the residents of Cherry Valley that include maintenance of streets and parks, police protection and water services.

Reporting Entity: In accordance with the Codification of Governmental Accounting Standards, the basic financial statements include all funds for which the Village is financially accountable. The Village has also considered all other potential organizations for which the nature and significance of their relationships with the Village are such that exclusion would cause the Village's financial statements to be misleading or incomplete. Consistent with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units, and Amendment to GASB Statement No. 14*, the criteria used by the Village to include component units within its reporting entity are financial accountability and the nature and significance of the relationship. These criteria have been considered and there are no organizations which should be presented with the Village.

Basis of Presentation:

Government-Wide Financial Statements: The government-wide financial statements (GWFS) are comprised of the statement of net position – modified cash basis and the statement of activities – modified cash basis and include the financial activities of the overall Village with the effect of any material interfund activity eliminated. The statements present the overall Village activities as they relate both to governmental activities and business-type activities. They include all funds of the reporting entity except fiduciary funds. Governmental activities generally are financed through taxes. Business-type activities are generally funded through charges for water services. The statement of activities demonstrates the degree to which the direct disbursements for a given function, segment or program are offset by program revenues. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges by a given function or segment and (2) grants, contributions, and standard receipts that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general receipts.

Fund Financial Statements:

The Village's Fund Financial Statements (FFS) present the following governmental funds as major: General Fund, Debt Service Fund and Capital Project Fund. The Village's other governmental funds are considered nonmajor and include both of the Village's special revenue funds: Motor Fuel Tax Fund and Special Service Area Fund.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

1. NATURE OF OPERATIONS, FINANCIAL REPORTING ENTITY, BASIS OF PRESENTATION AND ACCOUNTING, AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

FFS of the reporting entity are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that represents the fund's assets, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types are used by the Village:

Governmental Fund Type: Governmental Funds are those through which most governmental functions of the Village are financed. The following are the Village's Governmental Funds:

General Fund: The General Fund is the general operating fund of the Village. It is used to account for all revenues and expenses not accounted for in other funds of the Village. Sales taxes, state income taxes, licenses, permits, fines and interest are the primary sources of revenue to the General Fund.

Special Revenue Funds: The Special Revenue Funds are used to account for the specific revenue sources that are legally restricted to disbursements for specified purposes. The Special Revenue Funds of the Village include the Motor Fuel Tax Fund, which accounts for motor fuel taxes and street repairs, and the Special Service Area No. 2 Fund, which accounts for certain special municipal services provided to the service area.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal, interest, and related costs on the general obligation bonds, intergovernmental obligations, and certain other obligations of the Village.

Capital Projects Fund: The Capital Projects Fund is used to account for the 1% sales tax revenue restricted by referendum and resources legally restricted by the bond agreements for the acquisition or construction of capital facilities or projects.

Fiduciary Fund Type: A Fiduciary Fund is used to account for assets held by the Village in a trustee capacity on behalf of others. The following is the Village's Fiduciary Fund:

Police Pension Trust Fund: The Police Pension Trust Fund is used to account for the activities of the Village of Cherry Valley Police Pension Fund, which accumulates resources for pension benefit payments to qualified employees.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

1. NATURE OF OPERATIONS, FINANCIAL REPORTING ENTITY, BASIS OF PRESENTATION AND ACCOUNTING, AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Proprietary Fund Type: A Proprietary Fund is used to account for the Village's ongoing operations and activities that are similar to those often found in the private sector. The following is the Village's Proprietary Fund:

Enterprise Fund: An Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village's enterprise fund provides water services.

The Enterprise Fund applies all applicable GASB pronouncements as well as the following pronouncements as issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) *Statements and Interpretations*, *Accounting Principles Board Opinions* and *Accounting Research Bulletins*. The Village has elected not to apply FASB Statements or interpretations issued after November 30, 1989.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenue 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 Water Fund are charges to customers for services. The Village also recognizes as operating revenues developer reimbursements and miscellaneous for its Water Fund. Operating expenses for the enterprise fund include salaries and benefits, services, supplies and materials, equipment, infrastructure and engineering and other professional services expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Measurement Focus and Basis of Accounting: Measurement focus is a term used to describe "how" 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: In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined as follows.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

1. NATURE OF OPERATIONS, FINANCIAL REPORTING ENTITY, BASIS OF PRESENTATION AND ACCOUNTING, AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

In the fund financial statements, the “current financial resources” measurement focus or the “economic resource” measurement focus, as applied on the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes 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 and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting: In the government-wide Statement of Net Position and Statement of Activities and fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes cash and cash equivalents, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets, revenues, liabilities, and expenses, such as receivables, payables, accruals, capital assets, debt and other liabilities, *are not recorded* in these financial statements.

If the Village utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Cash Equivalents: The Village considers all cash on hand, demand deposits and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

1. NATURE OF OPERATIONS, FINANCIAL REPORTING ENTITY, BASIS OF PRESENTATION AND ACCOUNTING, AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Investments: Investments of the Village consist of certificates of deposit and Illinois Funds Money Market Funds and are accounted for at cost. Investments of the Police Pension Trust Fund consist of Mutual Funds, Federal Home Loan Mortgage Corporation Discount Notes and Real Estate Mortgage Investment Contracts, Federal National Mortgage Association Investment Notes, Government National Mortgage Association Pool Notes, as well as other government and agency obligations and annuities and are accounted for at fair market value.

Long-Term Obligations: For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as reductions of the proceeds.

Compensated Absences: Village employees earn vacation days in varying amounts based on years of service. A maximum of 200 hours can be carried over from year to year and upon termination any unused vacation time will be paid at normal rates of pay.

All full-time employees earn sick time at the rate of 80 or 84 hours per year, depending on position held. Unused sick time may be carried over from year to year without limit. Upon termination any unused sick time will be paid at the prevailing minimum wage for the hours recorded.

Fund Equity/Net Position: The Village implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective with the April 30, 2012 financial statements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent. Under the new GASB requirements, fund balances are divided into five classifications: non-spendable, restricted, committed, assigned and unassigned. See Note 11 for more detail.

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. All other net assets that do not meet the definition of "restricted" are classified as unrestricted net assets.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments of the Village at April 30, 2013:

Deposits in financial institutions	\$	82,778
Certificates of deposit		8,502,000
Total cash and CDs		8,584,778
Investments:		
Illinois Funds Money Market funds		596,997
Mutual funds		170,180
Federal Home Loan Mortgage Corporation Real Estate Mortgage Investment Contracts		154,778
Governmental National Mortgage Association Pool Notes		2,271
U.S. Government & Agency Obligations		1,856,922
Annuities		62,061
Total investments		2,843,209
Total cash and investments	\$	11,427,987

Interest Rate Risk – Investments: Interest rate risk is the risk that will adversely affect the fair value of an investment. As of April 30, 2013, the Village had the investments in debt securities with the following maturities:

Investment Type	Cost	Investment Maturities (in Years)			
		< 1	1-5	6-10	> 10
Illinois Funds Money Market Funds *	\$ 50,537	50,537	-	-	-
Mutual Funds	170,180	170,180	-	-	-
Federal Home Loan Mortgage Corporation Real Estate Mortgage Investment Contracts	154,778	-	17,171	1,363	136,244
Government National Mortgage Association Pool Notes	2,271	-	-	-	2,271
U.S. Government & Agency Obligations	1,856,922	1,856,922	-	-	-
Annuities	62,061	62,061	-	-	-
	\$ 2,296,749	2,139,700	17,171	1,363	138,515

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
 April 30, 2013

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

*Investments in Illinois Funds Money Market Funds are stated at cost, which approximates fair value. Cost for these investments is the same as the value of the pool shares. State statutes require that the pool comply with the Illinois Public Funds Investment Act. Because the pool had a weighted average maturity of less than one year as of April 30, 2013, it has been presented as an investment with a maturity of less than one year.

The Village's investment policy states that the maturity of the investment must coincide with cash requirements of the Village to meet current operating needs. Within the framework, investments should generally mature within one year. However, when the Village's cash flow is such that a substantial balance is always available, investment in authorized long-term securities may be made as long as the total of such investments in the portfolios does not exceed 33 percent of the anticipated average balance. In no case shall single investments maturing in excess of two years exceed five million.

Credit Risk – Investments: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The credit ratings of the Village's investments in debt securities are as follows:

<u>Investment Type</u>	<u>Fair Market Value</u>	<u>Credit Rating</u>	<u>Fair Market Value</u>	<u>Credit Rating</u>
		<u>Moody's</u>		<u>Standard & Poor's</u>
Illinois Funds Money Market Funds	\$ 50,537	NR		AAA
Mutual Funds	170,180	NA		NA
Federal Home Loan Mortgage Corporation				
Real Estate Mortgage Investment Contracts	137,607	NA		NA
	17,171	AAA		AA+
Government National Mortgage Association				
Pool Notes	2,271	NR		NR
U.S. Government & Agencies Obligations	<u>1,856,922</u>			
	812,189	**	812,189	**
	99,182	A1	49,744	AA+
	193,668	A2	118,450	A+
	273,864	A3	282,172	A
	15,534	AA2	285,972	A-
	33,675	BA1	30,815	BBB+
	33,063	BA3	61,552	BBB
	107,227	BAA1	71,675	BB+
	104,298	BAA2	144,355	BBB-
	184,223	BAA3		
Annuities	\$ 62,061	NA		NA

NR - not rated; NA - not available

** - Credit rating disclosure is not required as these are U.S. Government Obligations

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

State statutes applicable to Illinois villages and Illinois police pension funds authorize the Village to make deposits in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations to states and their political subdivisions, savings accounts, credit union shares, repurchase agreements under certain statutory restrictions, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Funds (formerly known as the Illinois Public Treasurer's Investment Pool). The statutes also authorize the Village to make deposits on behalf of the police pension fund in certain other types of investments as allowed under "Article 1. General Provisions" Sections 1-113.1 through 1-113.10 of the Illinois Pension Code. The Village does not have a policy, which further limits the allowed investments. Most of the Village's investments are presented in the Fiduciary Fund.

Custodial Credit Risk – Investments: For an investment, custodial credit risk 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 investment or collateral securities that are in the possession of an outside party. The Village does not have a policy, which addresses custodial credit risk. At April 30, 2013, the Village is not exposed to custodial credit risk for their investments.

Custodial Credit Risk – Deposits: For deposits, custodial risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of April 30, 2013, none of the Village's deposits were exposed to custodial credit risk.

Concentration of Credit Risk – Investments: Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment in a single issuer. The Village does not have a policy addressing concentration of credit risk. At April 30, 2013, the Village is not exposed to concentrations of credit risk.

3. BUDGETS

The term budget used throughout the financial statements represents the estimated revenues and expenses as set forth in the Village's annual budget ordinance adopted for all funds, except for the Police Pension Trust Fund.

Budgets are prepared for these Village funds on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Reported budget amounts represent the originally adopted budget and the final approved budget as amended. Any budget amendments require Village Board approval. There was one budget amendment for the year ended April 30, 2013.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
 April 30, 2013

3. BUDGETS (Continued)

Unexpended budgeted amounts lapse at the end of the budget year. Spending control for funds is established by the amount of disbursements budgeted for the fund, but management control is exercised at budgetary line item levels.

4. LONG-TERM OBLIGATION

At April 30, 2013, the Village's long-term debt consisted of the following:

GOVERNMENTAL ACTIVITIES

2005B Bonds (Sales Tax Alternate Revenue Source Bonds), \$2,765,000 original amount, due in annual installments of \$225,000 to \$290,000 through January 2016, interest at 3.65% to 3.75% payable semiannually	845,000
Intergovernmental agreement - Winnebago County (see Note 9)	150,000
Compensated absences	227,000
Police pension underfunding	4,304
Post employment benefits underfunding	25,203
	<u>\$ 1,251,507</u>

BUSINESS-TYPE ACTIVITIES

General Obligation (Alternate Revenue Sources) Bonds:	
2005A Bonds (Waterworks Alternate Revenue Source Bonds), \$3,300,000 original amount, with one installment of \$155,000 in January 2014 and callable in 2015, interest at 2.75% to 5% payable semiannually	2,335,000
General Obligation Refunding Alternate Bonds (Waterworks System Alternate Revenue Source), Series 2012, \$960,000 original amount, due in annual installments of \$235,000 to \$250,000 through January of 2017, interest at 2% payable annually	960,000
Compensated absences	9,700
	<u>\$ 3,304,700</u>

Although the 2005A G.O. Bond (Alternate Revenue) is still outstanding, it should be noted that \$2,335,000 in state and local government series (SLGS) securities were purchased in order to advance refund this bond when callable in 2015.

A summary of the changes in long-term obligations of the Village for the year ended April 30, 2013 is as follows:

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

4. LONG-TERM OBLIGATION (Continued)

GOVERNMENTAL ACTIVITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due in One Year
General obligation bonds	\$ 1,610,000	-	765,000	845,000	275,000
Intergovernmental agreement	300,000	-	150,000	150,000	150,000
Compensated absences	260,000	-	33,000	227,000	-
Police pension underfunding	4,304	-	-	4,304	-
Post employment benefits underfunding	25,203	-	-	25,203	-
	<u>\$ 2,199,507</u>	<u>-</u>	<u>948,000</u>	<u>1,251,507</u>	<u>425,000</u>

BUSINESS-TYPE ACTIVITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due in One Year
General obligation bonds	\$ 2,485,000	960,000	150,000	3,295,000	390,000
Compensated absences	6,300	3,400	-	9,700	-
	<u>\$ 2,491,300</u>	<u>963,400</u>	<u>150,000</u>	<u>3,304,700</u>	<u>390,000</u>

As of April 30, 2013, the Village has decreased its G.O. Bond (Alternate Revenue) debt outstanding by \$915,000.

The Village uses the Debt Service Fund to pay off governmental debt. Compensated absences will be liquidated by the General Fund and the Water Fund.

Further principal and interest payments due on the general obligation bonds are approximately as follows:

<u>GOVERNMENTAL ACTIVITIES</u>				<u>BUSINESS-TYPE ACTIVITIES</u>			
Due During the Years Ending April 30,	Principal	Interest	Total	Due During the Years Ending April 30,	Principal	Interest	Total
2014	\$ 425,000	32,240	457,240	2014	\$ 390,000	122,221	512,221
2015	280,000	21,240	301,240	2015	2,420,000	111,170	2,531,170
2016	290,000	11,020	301,020	2016	250,000	9,700	259,700
2017	-	-	-	2017	235,000	4,700	239,700
2018	-	-	-	2018	-	-	-
	<u>\$ 995,000</u>	<u>64,500</u>			<u>\$ 3,295,000</u>	<u>247,791</u>	
			Compensated absences 227,000				Compensated absences 9,700
			Police pension underfunding 4,304				<u>3,552,491</u>
			Post employment benefits underfunding 25,203				
			<u>1,316,007</u>				

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

4. LONG-TERM OBLIGATION (Continued)

The Village's aggregate indebtedness is subject to a statutory limitation of 8.625 percent of its equalized assessed value at December 31, 2012. At April 30, 2013, the maximum allowed indebtedness of the Village is \$7,395,249 based on an assessed valuation of \$85,742,014. There was no outstanding debt subject to this limitation since the alternate revenue source bonds are excluded from the limitation by state statute.

The Village has pledged future water customer revenues, net of specified operating expenses to repay \$2,485,000 in waterworks alternate revenue source bonds originally issued in 2005 for an extension of its water mains and the construction of an additional water tower. The Village didn't utilize the funds due to a standstill in construction. The bonds are payable solely from water customer net revenues and are payable through 2017. Annual principal and interest payments on the bonds are expected to require less than 20 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,542,791. Principal and interest paid for the current year and total customer net revenues were \$257,578 and \$1,005,363, respectively.

The Village also has pledged a portion of future sales tax revenues to repay \$1,610,000 in sales tax alternative revenue source bonds issued in 2004 and 2005. The bonds are payable solely from the sales taxes generated by increased retail sales in the refurbished Village. Sales taxes were projected to produce approximately 500 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$1,059,500, payable through 2016. For the current year, principal and interest paid and total sales tax revenues were \$827,590 and \$5,905,525, respectively.

On December 18, 2012, the Village issued \$960,000 in general obligation refunding alternate bonds with an interest rate of 2%. The Village issued the bonds to advance refund \$2,335,000 of the outstanding series 2005A waterworks alternate revenue bonds with a varying interest rate of 2.75% to 5%. The Village used the net proceeds along with other resources to purchase state and local government series (SLGS) securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the 2005A series bonds. The advance refunding reduced total debt service payments over the next 12 years by approximately \$2 million. This results in an economic gain of \$1.7 million.

5. RETIREMENT PLAN COMMITMENTS

Deferred Compensation Plan:

The Village offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code (IRC) Section 457.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

5. RETIREMENT PLAN COMMITMENTS (Continued)

The Plan covers all full-time employees following seven months of employment. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. On April 22, 2002, the Village passed an ordinance that amended the existing deferred compensation plan. This amendment terminated the Village's obligation to fund the deferred compensation plan. During the year ended April 30, 2013, the Village made no voluntarily contributions to the deferred compensation plan.

The assets of the Plan are held in a trust for the exclusive benefit of the plan participants. Since the Village does not hold the assets in a trustee capacity nor does it have fiduciary accountability for the plan assets, the plan assets are not included in the financial statements.

Illinois Municipal Retirement Fund

Plan Description

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

Funding Policy

As set by statute, the Village's Regular plan members are required to contribute 4.5% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2012 was 14.68 percent. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
 April 30, 2013

5. RETIREMENT PLAN COMMITMENTS (Continued)

Annual Pension Cost

The required contribution for calendar year 2012 was \$88,868.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 88,868	100%	\$ -
12/31/11	78,556	97%	-
12/31/10	74,799	100%	-

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5% investment rate of return (net of administrative and direct expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Village's plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 49.22 percent funded. The actuarial accrued liability for benefits was \$1,438,132 and the actuarial value of assets was \$707,838, resulting in an underfunded actuarial liability (UAAL) of \$730,294. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$605,368 and the ratio of the UAAL to the covered payroll was 121 percent.

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

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
 April 30, 2013

5. RETIREMENT PLAN COMMITMENTS (Continued)

Police Pension Fund

Plan Description

On May 7, 2002, the Board of Trustees to the Village passed and approved an Ordinance that created and established the Village of Cherry Valley Police Pension Fund (the Plan). Police-sworn personnel of the Village are covered by the Plan that is a single-employer, defined-benefit pension plan. The Plan was created and is administered as prescribed by *Article 3. Police Pension Fund – Municipalities 500,000 and Under* of the Illinois Pension Code. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois legislature. Plan benefits are based primarily on years of service and final salary. The Plan does not issue a stand-alone financial statement.

Membership in the plan consisted of the following as of:

	04/30/12	04/30/10
Retirees and beneficiaries receiving benefits	7	7
Terminated plan members entitled to but not yet receiving benefits	-	-
Active vested plan members	10	8
Active non-veste plan members	5	7
	22	22

The Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final salary for each year of service up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service. Surviving spouses receive the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

The monthly pension of a covered employee 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 granted pension. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3% of the amount of the pension payable at the time of the increase. For employees hired after January 1, 2011, the normal retirement age is attained at age 55 and completion of 10 years of service; early retirement age is attained at age 50, completion of 10 years of

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
 April 30, 2013

5. RETIREMENT PLAN COMMITMENTS (Continued)

Plan Description (Continued)

service and the early retirement factor is 6% per year; the employee's accrued benefit is based on the employee's final 8-year average salary not to exceed \$106,800 (as indexed); cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60. Surviving spouse's benefits are 66 2/3% of the employee's benefit at the time of death.

Basis of Plan Accounting

The Plan is reported using the modified cash basis of accounting. Plan member and employer contributions as well as benefits, refunds and other administrative costs are recognized in the period in which they are paid or incurred. Investments are recorded at fair market value.

Funding Policy

Police-sworn personnel of the Village participating in the Plan are required to contribute 9.91% of their base compensation to the Plan. The member rate is established by state statute. The Village is required to contribute at an actuarially determined rate on the dollar which will produce an amount which, when added to the deductions from the salaries or wages of police officers and revenue available from other sources, will equal a sum sufficient to meet the annual requirement of the police pension fund. The Village's rate for the year ended April 30, 2012 was 19.9% of covered payroll. This information is available on a bi-annual basis.

Annual Pension Cost

The required contribution for 2012 was determined as part of the April 30, 2013 actuary valuation report using the projected unit credit cost method and the normal cost amortization method – determined as a level percentage of payroll, plus an additional amount to bring the plan's funded ratio to 90% by the end of fiscal year 2040. Beginning in 2011, the amortization period has been reset to 30 years. The asset valuation method recognized investment gains and losses over a 5-year period. Actuarial assumptions at April 30, 2012 were an interest rate of 7.5%, salary increases of 4%, and cost-of-living adjustments of 3%. The Pension Board issues an annual actuary report. The Village's annual pension cost and net pension obligation for the Plan for the year ended April 30, 2012 were as follows:

	<u>04/30/12</u>	<u>04/30/10</u>
Annual required contribution (ARC)	\$ 231,334	231,334
Interest on net pension obligation (NPO)	323	315
Adjustment to ARC	<u>(230)</u>	<u>(209)</u>
Annual pension cost	231,427	231,440
Contribution made	<u>291,665</u>	<u>231,334</u>
Change in NPO	(60,238)	106
NPO, April 30, 2010	4,304	4,198
NPO, April 30, 2012	<u>\$ (55,934)</u>	<u>4,304</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
 April 30, 2013

5. RETIREMENT PLAN COMMITMENTS (Continued)

Three-Year Trend Information for Police Pension

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/12	\$ 231,427	126.0%	\$ (55,934)
04/30/10	231,440	100.0%	4,304
04/30/08	219,251	100.0%	4,198

6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Village provides limited health insurance coverage for its eligible disabled and retired employees and their dependents on an ongoing basis. Coverage is available on a 100% contributory basis for eligible persons. The Village intends to fund the plan on a pay-as-you-go basis. Management determined that the actuarial valuation was not substantially different than the actuarial study completed in 2011.

Participant information

At April 30, 2011, the participants in the plan consisted of:

Retirees and beneficiaries	
Receiving benefits	3
Terminated plan members entitled	
To but not yet receiving benefits	-
Active vested plan members	15
Active nonvested plan members	<u>13</u>
Total	<u>31</u>
Number of participating employers	1

Annual OPEB Cost and Net OPEB Obligation. The Village's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost of each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Village's annual OPEB cost for the year ended April 30, 2011; the calculation as of April 30, 2013 was omitted since the Village has not made any contributions to the plan and actuarial information is only required every three years.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Annual OPEB Cost and net OPEB Obligation		
	<u>04/30/11</u>	<u>04/30/10</u>
Annual required contribution	\$ 16,321	16,756
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost	<u>16,321</u>	<u>16,756</u>
Contributions made	-	(7,874)
Increase (decrease) in net OPEB obligation	<u>16,321</u>	<u>8,882</u>
Net OPEB obligation beginning of year	8,882	-
Net OPEB obligation (excess) end of year	<u>\$ 25,203</u>	<u>8,882</u>

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

The actuarial method and assumptions used are the actuarial cost method - entry age with open amortization period. Under this cost method, the costs attributable to past service and the current's year's service are determined by prorating over all years of service the benefits expected to be paid from the plan. The normal cost for any year is determined equal to the present value of the current year's portion of the employee's expected postretirement medical benefit. The current year's portion is equal to the expected postretirement medical benefit divided by the total credited service at the anticipated retirement date. Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions are designed to reduce short-term volatility in actuarial accrued liabilities.

The accrued liability is determined equal to the present value of the past years' portion of the employee's expected postretirement medical benefit. The past year's portion is equal to the expected postretirement medical benefit times the ratio of the participant's credited service to the total credited service at the anticipated retirement date. The sum of these values for all employees determines the normal cost and the accrued liability for the plan.

In the April 30, 2011, actuarial valuation, the actuarial assumptions included a discount rate of 5.00% and an initial healthcare cost trend rate of 8.00% initial and 6% ultimate. The actuarial value of assets was not determined as the District has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized over 30 years.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
April 30, 2013

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in the Illinois Municipal League (IML), which is an organization of municipalities and special Villages throughout the state of Illinois, which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs. The Village pays annual premiums to IML for its workers' compensation, general liability, property coverage and other coverage deemed necessary by the Village.

The Village assumes the first \$500 for each occurrence (except for losses as a result of flood or earthquake, for which the Village assumes the first \$25,000), and IML has a mix of self-insurance and commercial insurance at various amounts above that level. The Village appoints one delegate, along with an alternate delegate, to represent the Village in voting delegates to the Board of Directors. The Village does not exercise any control over the activities of the League beyond its power to vote delegates to the Board of Directors.

The Village, along with IML's other members, has a contractual obligation to fund any deficit of IML attributable to a membership year during which it was a member. Supplemental contributions may be required to fund these deficits.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

8. REBATE AGREEMENT

The Village has entered into retailer occupational tax (sales tax) rebate agreements with various businesses within the Village. The agreements require the Village to rebate a portion of the business sales tax based on a specific, defined formula in exchange for improvements made to the surrounding infrastructure and certain employment goals. The rebates are 50% of the retailers occupational tax received and expire in 2014. The total rebate in fiscal year 2012 and 2013 were approximately \$78,500 and 64,500, respectively.

9. COMMITMENTS – INTERGOVERNMENTAL AGREEMENT

The Village entered into an intergovernmental agreement for improvements to Bell School Road in the amount of \$750,000 with annual payments of \$150,000 for five years. The amount outstanding was \$150,000 at April 30, 2013.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Financial Statements (Continued)
 April 30, 2013

10. INTERFUND TRANSFERS

The Village made the following interfund transfers:

<u>FROM</u>	<u>TO</u>		
Capital Projects Fund *	Debt Service Fund *	\$	652,904

* - denotes major fund

Transfers from the Capital Projects Fund to the Debt Service Fund occur on a regular basis for debt service payments.

11. FUND BALANCES

The Village implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* effective with the April 30, 2012 financial statements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

The non-spendable classification contains amounts not in spendable form or legally or contractually required to be maintained intact.

Restricted amounts contain restraints on their use externally imposed by creditors, grantors, contributors, or law or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation. The Village reports restricted fund balance amounts for special revenue funds imposed by tax levies.

Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the Village's Trustees, and it takes an ordinance or resolution to establish a fund balance commitment. Capital projects fund balances are reported as committed based on the Budget & Appropriation Ordinance.

Amounts intended to be used for specific purposes would be considered assigned by the Village's Trustees. Assignments should not cause deficits in the unassigned fund balance. Unassigned fund balance is the residual classification for the general fund.

12. PRIOR PERIOD ADJUSTMENT

The Village made a prior period adjustment to reflect the change from cost to fair market value reporting in the Fiduciary Fund – Police Pension Trust Fund.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Supplementary Information
April 30, 2013

13. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through July 2, 2013, which was the date that these financial statements were available for issuance, and determined that there were no significant unrecognized subsequent events through that date.

VILLAGE OF CHERRY VALLEY, ILLINOIS
 Supplementary Information
 Schedule of Revenues Received, Expenditures Disbursed
 and Changes in Fund Balance - Budget and Actual
General Fund
 For the Year Ended April 30, 2013
 With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Intergovernmental -					
Taxes	\$ 3,862,426	3,862,426	3,855,526	(6,900)	3,892,942
Licenses, fees and permits	219,400	219,400	243,300	23,900	222,081
Other	152,300	152,300	209,611	57,311	162,694
	<u>4,234,126</u>	<u>4,234,126</u>	<u>4,308,437</u>	<u>74,311</u>	<u>4,277,718</u>
Expenditures disbursed:					
Current:					
General government	773,622	773,322	674,842	98,480	686,680
Public safety	2,055,162	2,055,162	1,959,166	95,996	1,727,289
Highways and streets	1,036,236	1,036,236	803,308	232,928	764,842
Capital expenditures	295,221	295,521	86,808	208,713	86,690
Total expenditures	<u>4,160,241</u>	<u>4,160,241</u>	<u>3,524,124</u>	<u>636,117</u>	<u>3,265,501</u>
Excess (deficiency) of revenues over (under) expenditures	73,885	73,885	784,313	710,428	1,012,216
Net change in fund balance	\$ <u>73,885</u>	<u>73,885</u>	784,313	<u>710,428</u>	1,012,216
Fund balance:					
Beginning			<u>2,317,564</u>		<u>1,305,348</u>
Ending			\$ <u>3,101,877</u>		<u>2,317,564</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS

Supplementary Information
 Schedule of Funding Progress
Illinois Municipal Retirement Fund

April 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
12/31/12	\$ 707,838	1,438,132	730,294	49.22 %	605,368	120.64 %
12/31/11	1,035,170	1,729,426	694,256	59.86	552,430	125.67
12/31/10	862,562	1,529,207	666,645	56.41	596,956	111.67
12/31/09	739,407	1,426,482	687,075	51.83	591,846	116.09

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$740,245. On a market basis, the funded ratio would be 51.47%.

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Supplementary Information
 Schedule of Funding Progress
Police Pension Trust Fund

April 30, 2013

Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
04/30/12	\$ 2,006,338	6,731,169	4,724,831	29.8 %	861,610	548.4 %
04/30/10	1,563,257	6,191,985	4,628,728	25.2	824,615	561.3
04/30/08	1,232,096	5,030,770	3,798,674	24.5	658,971	576.5
04/30/06	579,939	4,415,709	3,835,770	13.1	588,454	651.8

*The Village of Cherry Valley Police Pension Fund was created and established in May 2002 (fiscal year ended April 30, 2003). The Police Pension Board has elected to have annual valuations performed.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Supplementary Information
Schedule of Funding Progress

Post Employment Benefits Other Than Pension

April 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
04/30/10	\$ -	147,285	147,285	- %	658,971	22.4 %

The Village is required to have an actuarial study done once every three years unless management determines there are significant changes. The Village has presented the 4/30/10 study, which was the latest actuarial study performed.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Notes to Supplementary Information
April 30, 2013

LEGAL COMPLIANCE AND ACCOUNTABILITY

On or before April 1 of each year, all departments of the Village submit requests for budgets to the Budget Director so that a budget may be prepared. Before July 1, the proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change the budget, but may not change the form of the budget. A final budget must be prepared and adopted before the beginning of the fiscal year to which it applies.

The budget is prepared by fund, department and program and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The administrator is authorized to transfer budgeted amounts within any department; however, transfers between departments or any revisions that alter the total expenditures of any department or any fund must be approved by the governing body. During the year, several budget amendments were necessary. The amounts reflected in the financial statements represent the original and the final amended budget.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted (at the department level) for the governmental, proprietary and the fiduciary funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the department level. All annual budgets lapse at fiscal year end.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Combining Balance Sheet - Modified Cash Basis

Nonmajor Governmental Funds

April 30, 2013

	Special Revenue		Total
	Motor Fuel Tax Fund	Special Service Area #2 Fund	Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 7,657	8,076	15,733
Investments	174,000	-	174,000
Total assets	181,657	8,076	189,733
Liabilities:			
Total liabilities	-	-	-
Fund balances:			
Restricted for Special Revenue	181,657	8,076	189,733
Total fund balances	181,657	8,076	189,733
Total liabilities and fund balances	\$ 181,657	8,076	189,733

VILLAGE OF CHERRY VALLEY, ILLINOIS

Combining Schedule of Revenues Received, Expenditures Disbursed
and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended April 30, 2013

	Special Revenue		Total
	Motor Fuel Tax Fund	Special Service Area #2 Fund	Nonmajor Governmental Funds
Revenues received:			
Impact fees	\$ 85,511	-	85,511
Interest	287	2	289
Total revenues	85,798	2	85,800
Expenditures disbursed:			
General Government			
Contractual services			
Engineering	-	-	-
Capital Outlay	-	-	-
Total expenditures	-	-	-
Net change in fund balance	85,798	2	85,800
Beginning	95,859	8,074	103,933
Ending	\$ 181,657	8,076	189,733

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual
Motor Fuel Tax Fund
For the Year Ended April 30, 2013
With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Intergovernmental -					
Motor fuel taxes	\$ 82,200	82,200	85,511	3,311	82,165
Interest	200	200	287	87	165
Total revenues	<u>82,400</u>	<u>82,400</u>	<u>85,798</u>	<u>3,398</u>	<u>82,330</u>
Expenditures disbursed:					
Highways and streets:					
Capital outlay - improvements	-	-	-	-	100,381
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,381</u>
Net change in fund balance	<u>\$ 82,400</u>	<u>82,400</u>	85,798	<u>3,398</u>	(18,051)
Fund balance:					
Beginning			95,859		113,910
Ending			<u>\$ 181,657</u>		<u>95,859</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance – Budget to Actual
Special Service Area #2 Fund
For the Year Ended April 30, 2013
With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Interest income	\$ -	-	2	2	6
Total revenues	-	-	2	2	6
Expenditures disbursed:					
Detention:					
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Net change in fund balance	\$ -	-	2	2	6
Fund balance					
Beginning			8,074		8,068
Ending			\$ 8,076		8,074

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Detailed Revenues Received and Expenditures Disbursed - Budget and Actual
General Fund

For the Year Ended April 30, 2013
With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Taxes:					
Sales tax	\$ 3,500,500	3,500,500	3,320,414	(180,086)	3,385,180
Property tax	48,000	48,000	50,366	2,366	87,004
State income tax	181,683	181,683	333,247	151,564	198,062
State use tax	45,343	45,343	50,366	5,023	45,343
Replacement tax	20,000	20,000	20,245	245	19,713
Hotel tax	29,000	29,000	30,034	1,034	31,206
Telecommunications tax	35,000	35,000	43,961	8,961	123,571
Auto rental tax	2,900	2,900	6,893	3,993	2,863
Total taxes	<u>3,862,426</u>	<u>3,862,426</u>	<u>3,855,526</u>	<u>(6,900)</u>	<u>3,892,942</u>
Licenses and permits	43,500	43,500	36,470	(7,030)	45,630
Fines & fees:					
Fines - police	136,300	136,300	165,748	29,448	136,900
Franchise	39,600	39,600	41,082	1,482	39,552
	<u>175,900</u>	<u>175,900</u>	<u>206,830</u>	<u>30,930</u>	<u>176,451</u>
Other revenue:					
Interest	3,000	3,000	6,108	3,108	2,687
Rentals	41,300	41,300	47,115	5,815	46,975
Reimbursements	17,000	17,000	16,511	(489)	6,715
Miscellaneous	91,000	91,000	139,877	48,877	106,317
Total other	<u>152,300</u>	<u>152,300</u>	<u>209,611</u>	<u>57,311</u>	<u>162,694</u>
Total revenues	<u>4,234,126</u>	<u>4,234,126</u>	<u>4,308,437</u>	<u>74,311</u>	<u>4,277,718</u>
Expenditures disbursed:					
General government:					
Salaries	173,020	169,820	157,521	12,299	166,153
Salaries – part time	65,250	68,250	66,538	1,712	63,739
Special committees	4,800	5,000	4,890	110	4,080
Payroll taxes	35,300	35,300	28,139	7,161	28,744
Insurance	105,000	105,000	104,601	399	95,583
Hospital insurance	52,243	52,243	40,098	12,145	40,596
Pension benefits	22,142	22,142	21,698	444	22,664
Maintenance – vehicles	3,500	3,500	47	3,453	2,790
Maintenance – equipment	1,950	1,950	1,743	207	1,777
Office supplies	4,000	4,000	3,600	400	4,363
Uniforms	-	-	-	-	-
Professional services	17,500	17,500	17,568	(68)	17,873
Legal services	70,000	70,000	64,735	5,265	67,753
Postage	3,500	3,500	3,290	210	4,067
Advertising and publishing	2,900	2,900	1,216	1,684	1,741
Telephone	5,000	5,000	4,989	11	3,651
Utilities	6,900	6,900	4,548	2,352	6,495
Dues	1,400	1,400	854	546	860
Travel	10,480	10,480	4,465	6,015	2,082
Training	4,500	4,500	2,470	2,030	966

VILLAGE OF CHERRY VALLEY, ILLINOIS

Schedule of Detailed Revenues Received and Expenditures Disbursed - Budget and Actual (Continued)

General Fund

For the Year Ended April 30, 2013

With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Expenditures disbursed (continued):					
General government (continued):					
Fuel	\$ 2,500	2,500	795	1,705	2,058
Audit and accounting services	6,100	6,100	6,100	-	6,000
Corporate replacement taxes	6,200	6,200	5,120	1,080	5,164
Real estate taxes	5,100	4,800	4,609	191	4,854
Tax rebate	90,000	90,000	64,533	25,467	78,432
Tourism	45,037	45,037	34,193	10,844	43,984
Bond handling fees	800	800	800	0	800
Community welfare	2,500	2,500	1,486	1,014	1,236
Miscellaneous	1,000	1,000	751	249	925
Contingency	25,000	25,000	23,445	1,555	7,251
Capital outlay – equipment	3,000	3,300	3,282	18	2,941
Total general government	<u>776,622</u>	<u>776,622</u>	<u>678,124</u>	<u>98,498</u>	<u>689,621</u>
Public safety:					
Salaries	961,561	1,022,561	1,027,716	(5,155)	915,069
Salaries – part time	43,308	34,308	32,004	2,304	24,786
Payroll taxes	76,872	78,872	77,993	879	68,445
Insurance	254,970	223,570	221,077	2,493	243,233
Pension benefits	380,276	380,276	380,259	17	295,360
Maintenance – vehicles	28,014	21,114	21,246	(132)	23,799
Maintenance – equipment	11,576	11,576	7,535	4,041	10,661
Travel	9,600	9,600	7,021	2,579	2,186
Training and seminars	16,260	10,560	5,998	4,562	4,602
Tuition assistance	2,000	2,000	658	1,342	823.50
Postage	3,300	3,300	2,824	476	2,424
Advertising and publishing	4,200	4,200	1,796	2,404	1,674
Memberships	1,550	1,550	655	895	1,089
Professional services	50,888	50,888	44,483	6,405	29,223
Legal services	47,000	37,000	36,819	181	13,383
Telephone	12,090	12,090	9,517	2,573	6,998
Utilities	6,600	6,600	4,548	2,052	6,495
Supplies	2,000	2,000	1,847	153	1,301
Gas and oil	53,491	53,491	51,519	1,972	47,655
Uniforms	16,900	16,900	11,808	5,092	11,192
Special events	5,000	5,000	4,400	600	3,686
Other supplies	6,635	6,635	4,052	2,583	2,742
Miscellaneous	3,750	3,750	3,391	359	10,461
Capital outlay – vehicles	-	-	-	0	19,226
Capital outlay – equipment	57,321	57,321	37,848	19,473	12,871
Total public safety	<u>2,055,162</u>	<u>2,055,162</u>	<u>1,997,014</u>	<u>58,148</u>	<u>1,759,387</u>
Public works - administration:					
Salaries	311,032	311,032	277,713	33,319	264,847
Salaries – part time	39,000	39,000	29,448	9,552	18,697
Payroll taxes	26,777	26,777	22,826	3,951	20,587
Insurance	87,550	87,550	65,676	21,874	82,155
Pension benefits	42,727	42,727	39,228	3,499	34,311
Mosquito control	31,900	39,800	39,749	51	31,142
Training and seminars	3,200	3,200	1,847	1,353	4,758
Tuition assistance	1,000	1,000	810	190	-

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Detailed Revenues Received and Expenditures Disbursed - Budget and Actual (Continued)
General Fund
For the Year Ended April 30, 2013
With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Expenditures disbursed (continued):					
Public works - administration (cont):					
Advertising and publishing	\$ 1,600	1,600	435	1,165	614
Memberships	1,000	1,000	988	12	901
Professional services	23,500	23,500	20,771	2,729	21,143
Legal services	-	1,700	1,805	(105)	-
Engineering services	51,000	33,200	16,937	16,263	18,521
Rentals	4,000	12,100	12,032	68	3,431
Supplies	1,200	1,300	1,225	75	1,169
Gas and oil	27,000	27,000	11,357	15,643	22,374
Uniforms	4,800	4,800	4,170	630	4,577
Other supplies	1,000	1,000	922	78	1,662
Miscellaneous	500	500	300	200	250
Capital outlay - equipment	20,400	20,400	16,606	3,794	1,066
Total public works - admin	<u>679,186</u>	<u>679,186</u>	<u>564,845</u>	<u>114,341</u>	<u>532,205</u>
Public works - streets and alleys:					
Maintenance - equipment	15,000	15,000	9,686	5,314	11,958
Maintenance - vehicles	19,000	19,000	16,540	2,460	10,452
Maintenance - streets	72,500	72,500	52,430	20,070	51,436
Professional services	8,500	8,500	8,369	131	11,933
Engineering services	38,500	38,500	13,682	24,818	20,637
Telephone	10,000	10,000	6,939	3,061	5,666
Utilities	2,500	2,500	1,324	1,176	767
Street lighting	55,000	55,000	44,211	10,789	48,679
Supplies	5,000	5,000	4,703	297	5,039
Other supplies	2,000	2,000	629	1,371	338
Miscellaneous	500	500	250	250	500
Capital outlay - improvements	117,000	117,000	4,377	112,623	32,534
Capital outlay - traffic	9,000	9,000	5,576	3,424	5,109
Capital outlay - equipment	7,400	7,400	891	6,509	1,824
Total public works - streets and alleys	<u>361,900</u>	<u>361,900</u>	<u>169,607</u>	<u>192,293</u>	<u>206,871</u>
Public works - buildings and grounds:					
Maintenance - equipment	4,000	4,000	1,217	2,783	3,025
Maintenance - buildings	37,600	37,600	21,578	16,022	7,013
Maintenance - grounds	4,500	4,500	1,954	2,546	1,455
Professional services	43,250	43,250	31,901	11,349	30,830
Engineering services	30,500	30,500	15,448	15,052	-
Utilities	19,000	17,500	14,254	3,246	14,323
Other supplies	4,500	6,000	6,271	(271)	5,884
Special events	5,100	5,100	3,683	1,417	3,769
Miscellaneous	500	500	-	500	-
Capital outlay - improvements	5,500	5,500	553	4,947	1,560
Capital outlay - equipment	1,200	1,200	762	438	110
Capital outlay - parks	74,400	74,400	16,913	57,487	9,448
Total public works - buildings and grounds	<u>230,050</u>	<u>230,050</u>	<u>114,534</u>	<u>115,516</u>	<u>77,417</u>
Total expenditures	<u>\$ 4,102,920</u>	<u>4,102,920</u>	<u>3,524,124</u>	<u>578,796</u>	<u>3,265,501</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended April 30, 2013
With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Sales tax	\$ 2,275,325	2,275,325	2,585,111	309,786	1,581,593
Impact fees	-	-	-	-	-
Interest	3,300	3,300	3,285	(15)	2,410
Miscellaneous	-	-	747,940	747,940	44,374
Total revenues	<u>2,278,625</u>	<u>2,278,625</u>	<u>3,336,336</u>	<u>1,057,711</u>	<u>1,628,377</u>
Expenditures disbursed:					
Highways and streets:					
Contractual					
Engineering	104,500	135,900	135,667	233	46,859
Maintenance	390,000	596,600	497,383	99,217	408,422
Total contractual	<u>494,500</u>	<u>732,500</u>	<u>633,050</u>	<u>99,450</u>	<u>455,281</u>
Capital outlay - improvements	1,232,000	1,232,000	1,086,375	145,625	14,630
Parks:					
Capital outlay	<u>85,600</u>	<u>84,700</u>	<u>77,071</u>	<u>7,629</u>	<u>15,312</u>
Total expenditures	<u>1,812,100</u>	<u>2,049,200</u>	<u>1,796,496</u>	<u>252,704</u>	<u>485,223</u>
Excess (deficiency) of revenues over (under) expenditures	466,525	229,425	1,539,840	1,310,415	1,143,154
Total Other financing sources (uses):					
Transfers out	<u>(654,340)</u>	<u>(654,340)</u>	<u>(652,904)</u>	1,436	<u>(837,800)</u>
Total other financing sources (uses)	<u>(654,340)</u>	<u>(654,340)</u>	<u>(652,904)</u>	1,436	<u>(837,800)</u>
Net change in fund balance	<u>\$ (187,815)</u>	<u>(424,915)</u>	886,936	<u>1,311,851</u>	305,354
Fund balance:					
Beginning			<u>1,684,058</u>		<u>1,378,704</u>
Ending			\$ <u>2,570,994</u>		<u>1,684,058</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
 Schedule of Revenues Received, Expenditures Disbursed
 and Changes in Fund Balance— Budget and Actual

Debt Service Fund

For the Year Ended April 30, 2013
 With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Interest	\$ 125	125	376	251	220
Total revenues	<u>125</u>	<u>125</u>	<u>376</u>	<u>251</u>	<u>220</u>
Expenditures disbursed:					
Debt service					
GO bond - principal	765,000	765,000	765,000	-	745,000
GO bond - interest	62,590	62,590	62,590	-	91,905
Total expenditures	<u>827,590</u>	<u>827,590</u>	<u>827,590</u>	<u>-</u>	<u>836,905</u>
Excess (deficiency) of revenues over (under) expenditures	(827,465)	(827,465)	(827,214)	251	(836,685)
Other financing sources (uses):					
Transfers in	654,340	654,340	652,904	(1,436)	837,800
Total other financing sources (uses)	<u>654,340</u>	<u>654,340</u>	<u>652,904</u>	<u>(1,436)</u>	<u>837,800</u>
Net changes in fund balances:	\$ <u>(173,125)</u>	<u>(173,125)</u>	(174,310)	<u>(1,185)</u>	1,115
Fund balance					
Beginning			<u>277,530</u>		<u>276,415</u>
Ending			\$ <u>103,220</u>		<u>277,530</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Revenues, Expenses and Changes in Net Position- Budget and Actual
Proprietary Fund Type - Water Fund

For the Year Ended April 30, 2013
With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Operating revenues:					
User fees	\$ 927,570	927,570	1,006,684	79,114	920,205
Hookup fees	5,000	5,000	11,046	6,046	8,972
Service initiation	2,000	2,000	3,153	1,153	2,052
Reimbursements	-	9,000	8,685	(315)	-
Miscellaneous	15,000	267,300	371,003	103,703	15,742
Total operating revenues	<u>949,570</u>	<u>1,210,870</u>	<u>1,400,571</u>	<u>189,701</u>	<u>946,972</u>
Operating expenses:					
Personnel services	267,104	267,104	199,025	68,079	227,489
Contractual services	241,850	173,350	115,144	58,206	107,240
Commodities	59,300	59,300	53,413	5,887	50,222
Other	40,600	40,600	27,630	12,970	600
Total operating expenses	<u>608,854</u>	<u>540,354</u>	<u>395,212</u>	<u>145,142</u>	<u>385,551</u>
Operating income	<u>340,716</u>	<u>670,516</u>	<u>1,005,359</u>	<u>334,843</u>	<u>561,421</u>
Non-operating revenue (expenses)					
Capital outlays	(500,300)	(139,300)	(53,291)	86,009	(116,095)
Debt service - principal	(150,000)	(1,609,400)	(150,000)	1,459,400	(145,000)
Debt service - interest	(107,578)	(224,278)	(107,578)	116,700	(112,435)
Interest income	10,250	9,799	10,078	279	8,808
Total non-operating revenues expenses	<u>(747,628)</u>	<u>(1,963,179)</u>	<u>(300,791)</u>	<u>1,662,388</u>	<u>(364,723)</u>
Other financing sources (uses):					
Payment to refunded bond escrow agent	-	-	(2,521,670)	(2,521,670)	-
Premium on bond issuance	-	-	11,953	11,953	-
Refunding bond proceeds	-	-	960,000	960,000	-
Bond issue costs	-	-	(26,283)	(26,283)	-
Total financing uses	<u>-</u>	<u>-</u>	<u>(1,576,000)</u>	<u>(1,576,000)</u>	<u>-</u>
Change in net position	<u>\$ (406,912)</u>	<u>(1,292,663)</u>	<u>(871,432)</u>	<u>1,970,948</u>	<u>196,698</u>
Net position					
Beginning			<u>4,014,261</u>		<u>3,817,563</u>
Ending			<u>\$ 3,142,829</u>		<u>4,014,261</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Operating Expenses and Capital Outlays
Proprietary Fund Type - Water Fund
For the Year Ended April 30, 2013
With Comparative Totals for the Year Ended April 30, 2012

	2013			Variance Positive (Negative)	2012
	Original Budget	Final Budget	Actual		Actual
Personnel services:					
Office salary	\$ 180,492	180,492	139,430	41,062	159,349
Payroll taxes	13,054	13,054	10,045	3,009	11,730
Insurance	50,114	50,114	28,436	21,678	36,139
Retirement fund	23,444	23,444	21,114	2,330	20,270
Total personnel services	<u>267,104</u>	<u>267,104</u>	<u>199,025</u>	<u>68,079</u>	<u>227,489</u>
Contractual services:					
Maintenance – equipment	26,500	26,500	16,373	10,127	6,977
Maintenance – system	16,300	16,300	17,621	(1,321)	6,855
Maintenance – buildings	11,000	11,000	561	10,439	3,616
Engineering	73,500	5,000	3,472	1,528	-
Postage	8,000	8,000	6,983	1,017	5,751
Printing	1,600	1,600	1,045	555	1,661
Professional fees	35,050	35,050	16,350	18,700	24,085
Audit	2,700	2,700	2,700	-	2,600
Legal	2,800	2,800	1,565	1,235	751
Telephone	2,000	2,000	1,119	881	1,143
Training	2,400	2,400	2,133	267	709
Utilities	60,000	60,000	45,222	14,778	53,093
Total contractual services	<u>241,850</u>	<u>173,350</u>	<u>115,144</u>	<u>58,206</u>	<u>107,240</u>
Commodities:					
Gas and Oil	18,500	18,500	12,200	6,300	11,574
Office supplies	1,500	1,500	1,042	458	1,300
Operating supplies	800	800	106	694	103
Chemicals	35,000	35,000	38,456	(3,456)	35,583
Other supplies	3,500	3,500	1,609	1,891	1,661
Total commodities	<u>59,300</u>	<u>59,300</u>	<u>53,413</u>	<u>5,887</u>	<u>50,222</u>
Other:					
Miscellaneous	600	600	548	52	600
Contingency	40,000	40,000	27,082	12,918	-
Total other	<u>40,600</u>	<u>40,600</u>	<u>27,630</u>	<u>12,970</u>	<u>600</u>
Total operating expenses	<u>608,854</u>	<u>540,354</u>	<u>395,212</u>	<u>145,142</u>	<u>385,551</u>
Capital outlays:					
Equipment	8,900	8,900	4,094	4,806	13,657
Extensions and improvements	406,000	45,000	-	45,000	4,050
Meters	85,400	85,400	49,197	36,203	98,388
Vehicles	-	-	-	-	-
Total capital outlays	<u>\$ 500,300</u>	<u>139,300</u>	<u>53,291</u>	<u>86,009</u>	<u>116,095</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS

Schedule of Legal Debt Margin

April 30, 2013

	<u>2013</u>	<u>2012</u>
Assessed Valuations *	\$ <u>85,742,014</u>	<u>93,986,469</u>
Statutory Debt Limitation (8.625% of Assessed Valuation)	<u>7,395,249</u>	<u>8,106,333</u>
General long-term debt	4,140,000	4,095,000
Less bonded debt excluded from long-term debt *	<u>(4,140,000)</u>	<u>(4,095,000)</u>
Total amount of debt applicable to debt limit	<u>-</u>	<u>-</u>
Legal Debt Margin	\$ <u>7,395,249</u>	<u>8,106,333</u>

* General obligation alternate revenue bonds of \$4,140,000 are excluded by state statute.

