

VILLAGE OF CHERRY VALLEY, ILLINOIS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
APRIL 30, 2011**

VILLAGE OF CHERRY VALLEY, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Trustees
Village of Cherry Valley

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cherry Valley, Illinois (Village) as of and for the year then ended April 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the Village's 2010 financial statements and, in our report dated June 22, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Village prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. In our opinion, 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, 2011, and the respective changes in financial position - modified cash basis, and, where applicable, cash flows - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1 to the financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison for the general fund, Schedules of funding progress - Illinois Municipal Retirement Fund, Employer Contributions, and Post Employment Benefit other than Pension for the Village of Cherry Valley on pages 3 through 8 and pages 35 through 38, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole on the modified cash basis of accounting described in Note 1 to the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual non-major fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not required part of the basic financial statements. The 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, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 6, 2011

Elliott + Company

VILLAGE OF CHERRY VALLEY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011
(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, 2011 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 assets of the Village were \$6,900,008 at April 30, 2011. Of this amount, \$4,032,853 is unrestricted and \$2,789,355 is restricted for capital projects and \$121,978 is restricted for street repairs. The Village increased its total net assets by \$144,260 in fiscal year 2011. This increase was primarily a result of a decrease in expenses.
- As of April 30, 2011, the Village's governmental funds reported combined ending fund balances of approximately \$3,082,445. This decrease of \$46,508 from the prior year resulting primarily from a decrease in expenses. In the prior year the loss was \$1,009,257.

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 assets* 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 required supplementary information and other supplementary information sections that further explain and support 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 recognized cash and cash equivalents and investments, 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.

Government-Wide Financial Statements

The government-wide financial statements report information about the Village as a whole. The statement of Net Assets 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 assets and how they have changed. Keeping in mind the limitations of the modified cash basis of accounting, analyzing the change in net assets is one way to measure the Village's financial health or position.

- Over time, increases or decreases in the Village's net assets 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 Assets – Modified Cash Basis

The Village's total net assets, resulting from modified cash basis transactions, were higher in fiscal year 2011 than the year before, increasing 2.5% to \$6,921,335. The following provides a summary of the Village's net assets at April 30, 2011 and 2010.

Table 1
Statement of Net Assets
As of April 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Cash and cash equivalents	\$ 26,872	9,708	335	3,178	27,207	12,886
Investment	3,055,573	3,119,245	3,817,228	3,623,617	6,872,801	6,742,862
Total assets	3,082,445	3,128,953	3,817,563	3,626,795	6,900,008	6,755,748
Liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Net assets:						
Restricted for high-ways and streets	121,978	92,072	-	-	121,978	92,072
Restricted for capital projects	1,378,704	2,005,872	1,410,651	1,366,473	2,789,355	3,372,345
Unrestricted	1,581,763	1,031,009	2,406,912	2,260,322	3,988,675	3,291,331
Total net assets	\$ 3,082,445	3,128,953	3,817,563	3,626,795	6,900,008	6,755,748

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

Changes in Net Assets – Modified Cash Basis

The Village's total revenues were \$5,031,334. This is an increase from the prior year of \$323,553 or 6.4%. Municipal sales taxes comprise approximately 63% of the Village's revenue. Another 23% of revenue is obtained from fees charged for services. The remainder of revenue is obtained from other taxes, investment earnings and miscellaneous sources.

The total cost of all programs and services was \$4,887,074 for the year ended April 30, 2011. This is a decrease from the prior year of \$677,010. 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 Assets

The following chart provides a summary of the Village's changes in net assets (resulting from modified cash basis transactions) for the year ended April 30, 2011:

Table 2
Changes in Net Assets
For the Years Ended April 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
RECEIPTS						
Program receipts:						
Charges for services	\$ 251,508	203,368	906,457	885,573	1,157,965	1,088,941
Operating grants	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
General receipts:						
Sales taxes	3,166,555	3,048,524	-	-	3,166,555	3,048,524
Income taxes	187,482	-	-	-	187,482	-
Telecommunication taxes	109,921	-	-	-	109,921	-
Other taxes	242,982	359,095	-	-	242,982	359,095
Investment income	8,439	30,870	12,578	27,136	21,017	58,006
Miscellaneous	121,493	153,215	23,919	-	145,412	153,215
Total receipts	4,088,380	3,795,072	942,954	912,709	5,031,334	4,707,781
EXPENDITURES						
General government	724,157	985,006	-	-	724,157	985,006
Public safety	1,583,071	1,613,611	-	-	1,583,071	1,613,611
Public works	993,185	1,154,577	-	-	993,185	1,154,577
Debt - principal	715,000	895,000	-	-	715,000	895,000
Debt - interest	119,475	156,135	-	-	119,475	156,135
Water	-	-	752,186	759,755	752,186	759,755
Total expenditures	4,134,888	4,804,329	752,186	759,755	4,887,074	5,564,084
Changes in net assets	(46,508)	(1,009,257)	190,768	152,954	144,260	(856,303)
Beginning net assets	3,128,953	4,138,210	3,626,795	3,473,841	6,755,748	7,612,051
Ending net assets	\$ 3,082,445	3,128,953	3,817,563	3,626,795	6,900,008	6,755,748

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 2011	Net Cost of Services 2011
Public safety	\$ 1,583,071	1,369,272
Public works	993,185	993,185
Water	752,186	(154,271)
Administration	724,157	686,448
Debt principal payments	715,000	715,000
Interest on debt	119,475	119,475
	<u>\$ 4,887,074</u>	<u>3,729,109</u>

The cost of all activities this year was \$4,887,074. Individuals who directly participated or benefited from a program offering paid for approximately \$1,157,965.

The net cost of services was primarily financed by Village taxpayers through municipal sales taxes, other taxes and other miscellaneous revenues, which totaled \$3,873,369.

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 \$3,082,445, a \$46,508 decrease from the prior year's total governmental fund balance of \$3,128,953. A significant portion of this change is due to a decrease in expenses.

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 \$1,305,348. The fund balance of the Village's General Fund increased by \$409,477 during the current fiscal year.

The Debt Service Fund total fund balance at year-end was \$276,415 all of which is reserved for the payment of debt service. The net increase in fund balance during the year was approximately \$141,277. The Village made general obligation bond principal payments of \$715,000 and interest payments of \$119,475.

The Capital Projects Fund total fund balance at year-end was \$1,378,704. There was a net decrease in fund balance of \$627,168 from 2010. This decrease is due to the transfers to the Debt Service Fund.

The Village completed the year with net assets in its business-type fund, the water fund, of \$3,817,563, a \$190,768 increase from the prior year balance of \$3,626,795. The increase is mainly due to an increase of operating revenues from 2010.

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 \$367,785, the actual reports for the year show a surplus of \$1,022,254. However, after transfers, the net change in fund balance was an increase of \$409,477 as compared to the final budgeted decrease of \$607,500.

DEBT ADMINISTRATION

Long-term Obligations

At April 30, 2011, the Village had \$2,355,000 outstanding in general obligation bonds in the governmental activities funds and \$2,630,000 in the business type activities fund. This is a combined decrease of \$855,000 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, 2010	Net Change	April 30, 2011
General obligation bonds	\$ 3,070,000	(715,000)	2,355,000
Compensated absences	235,600	4,100	239,700
Intergovernmental agreement	600,000	(150,000)	450,000
Police pension underfunding	4,198	106	4,304
Post employment benefit underfunding	8,882	16,321	25,203
Total outstanding long-term debt	\$ 3,918,680	(844,473)	3,074,207

<u>BUSINESS-TYPE ACTIVITIES</u>	April 30, 2010	Net Change	April 30, 2011
General obligation bonds	\$ 2,770,000	(140,000)	2,630,000
Compensated absences	11,000	1,200	12,200
Total outstanding long-term debt	\$ 2,781,000	(138,800)	2,642,200

During 2011, the Village did not experience any negative changes in its credit rating or limitation. The Village will continue to look to refinancing existing debt if a cost savings to taxpayers can be realized.

ECONOMIC FACTORS

The Village of Cherry Valley continues to experience a virtual halt in the construction of new homes. Based on our contact with local residential developers, this trend is expected to improve only slightly during the fiscal year ending April 30, 2012. 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.

The Village's largest source of revenue continues to be a 1% retail sales tax, which accounts for approximately 63% of all revenues received. Based on data provided by the Illinois Department of Revenue, the Village experienced a three (3%) percent increase in sales tax over the previous budget year. Total retail sales within the Village are projected to improve only slightly, given the region's struggling economy. In addition, various national retail companies located in the Village continue to experience fiscal instability within their parent corporations.

Other revenues are expected to remain flat during the upcoming fiscal year ending April 30, 2012. The State of Illinois continues to be late in its payments to local governments. There is also increasing discussion in Springfield that the State of Illinois may reduce the percentages paid to municipalities in its various "Local Government Distributive Funds" (LGDF). While percentages may be reduced, the Village's population has increased approximately forty-four (44%) percent since the last Federal Census. When these factors are combined, the end result should be flat or just slightly improved revenues.

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 Assets - Modified Cash Basis
April 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Assets:			
Cash and cash equivalents	\$ 26,872	335	27,207
Investments	<u>3,055,573</u>	<u>3,817,228</u>	<u>6,872,801</u>
Total assets	<u>3,082,445</u>	<u>3,817,563</u>	<u>6,900,008</u>
<u>Liabilities and Net Assets</u>			
Liabilities:			
	<u>-</u>	<u>-</u>	<u>-</u>
Net assets:			
Restricted:			
Highways and streets	121,978	-	121,978
Capital Projects	1,378,704	1,410,651	2,789,355
Unrestricted	<u>1,581,763</u>	<u>2,406,912</u>	<u>3,988,675</u>
Total net assets	<u>\$ 3,082,445</u>	<u>3,817,563</u>	<u>6,900,008</u>

See accompanying notes to financial statements.

VILLAGE OF CHERRY VALLEY, ILLINOIS
Statement of Activities - Modified Cash Basis
For the Year Ended April 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 724,157	37,709	-	-	(686,448)	-	(686,448)
Public safety	1,583,071	213,799	-	-	(1,369,272)	-	(1,369,272)
Public works	993,185	-	-	-	(993,185)	-	(993,185)
Debt principal payments	715,000	-	-	-	(715,000)	-	(715,000)
Interest	119,475	-	-	-	(119,475)	-	(119,475)
Total governmental activities	<u>4,134,888</u>	<u>251,508</u>	<u>-</u>	<u>-</u>	<u>(3,883,380)</u>	<u>-</u>	<u>(3,883,380)</u>
Business-type activities:							
Water							
Total business-type activities	<u>752,186</u>	<u>906,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,271</u>	<u>154,271</u>
Total	\$ <u>4,887,074</u>	<u>1,157,965</u>	<u>-</u>	<u>-</u>	<u>(3,883,380)</u>	<u>154,271</u>	<u>(3,729,109)</u>
General revenues:							
Taxes:							
Taxes - municipal sales					3,166,555	-	3,166,555
Taxes - state income					187,482	-	187,482
Taxes - telecommunications					109,921	-	109,921
Taxes - other					242,982	-	242,982
Investment income					8,439	12,578	21,017
Miscellaneous					121,493	23,919	145,412
Total general revenues					<u>3,836,872</u>	<u>36,497</u>	<u>3,873,369</u>
Change in net assets					(46,508)	190,768	144,260
Net assets:							
Beginning					<u>3,128,953</u>	<u>3,626,795</u>	<u>6,755,748</u>
Ending					\$ <u>3,082,445</u>	<u>3,817,563</u>	<u>6,900,008</u>

See accompanying notes to financial statements.

VILLAGE OF CHERRY VALLEY, ILLINOIS

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

April 30, 2011

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Non-major</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets:					
Cash and cash equivalents	\$ 872	-	24,790	1,210	26,872
Investments	1,304,476	276,415	1,353,914	120,768	3,055,573
Total assets	<u>1,305,348</u>	<u>276,415</u>	<u>1,378,704</u>	<u>121,978</u>	<u>3,082,445</u>
Liabilities:					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Unreserved, designated:					
Cherry Valley Festival Days	-	-	23,227	-	23,227
Unreserved, reported in:					
General	1,305,348	-	-	-	1,305,348
Debt service	-	276,415	-	-	276,415
Capital projects funds	-	-	1,355,477	-	1,355,477
Special revenue	-	-	-	121,978	121,978
Total fund balances	<u>1,305,348</u>	<u>276,415</u>	<u>1,378,704</u>	<u>121,978</u>	<u>3,082,445</u>
Total liabilities and fund balances	\$ <u>1,305,348</u>	<u>276,415</u>	<u>1,378,704</u>	<u>121,978</u>	<u>3,082,445</u>

See accompanying notes to financial statements.

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, 2011

	General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues received:					
Intergovernmental					
Taxes - municipal sales	\$ 3,166,555	-	-	-	3,166,555
Taxes - other	475,211	-	-	65,174	540,385
Licenses, fees, and permits	250,645	-	-	-	250,645
Impact fees	-	-	863	-	863
Interest	1,645	467	6,096	231	8,439
Other	119,296	-	2,197	-	121,493
Total revenues	<u>4,013,352</u>	<u>467</u>	<u>9,156</u>	<u>65,405</u>	<u>4,088,380</u>
Expenditures disbursed:					
Current:					
General government	679,463	-	-	-	679,463
Public safety	1,583,071	-	-	-	1,583,071
Public works	683,870	-	-	-	683,870
Capital outlay	44,694	-	273,816	35,499	354,009
Debt service:					
Principal	-	715,000	-	-	715,000
Interest	-	119,475	-	-	119,475
Total expenditures	<u>2,991,098</u>	<u>834,475</u>	<u>273,816</u>	<u>35,499</u>	<u>4,134,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,022,254</u>	<u>(834,008)</u>	<u>(264,660)</u>	<u>29,906</u>	<u>(46,508)</u>
Other financing sources (uses)					
Transfers in		975,285	-	-	975,285
Transfers out	<u>(612,777)</u>	-	<u>(362,508)</u>	-	<u>(975,285)</u>
Total other financing sources (uses)	<u>(612,777)</u>	<u>975,285</u>	<u>(362,508)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	409,477	141,277	(627,168)	29,906	(46,508)
Fund balances:					
Beginning	<u>895,871</u>	<u>135,138</u>	<u>2,005,872</u>	<u>92,072</u>	<u>3,128,953</u>
Ending	<u>\$ 1,305,348</u>	<u>276,415</u>	<u>1,378,704</u>	<u>121,978</u>	<u>3,082,445</u>

See accompanying notes to financial statements.

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

April 30, 2011

With Comparative Totals for the Year Ended April 30, 2010

	Water Fund	
	2011	2010
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 335	3,178
Investments	3,817,228	3,623,617
Total assets	3,817,563	3,626,795
<u>Liabilities and Net Assets</u>		
Liabilities	-	-
Net assets:		
Restricted net assets – capital projects	1,410,651	2,324,873
Unrestricted net assets	2,406,912	1,148,968
Total net assets	\$ 3,817,563	3,473,841

See accompanying notes to financial statements.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis

Enterprise Fund - Water

For the Year Ended April 30, 2011

With Comparative Totals for the Year Ended April 30, 2010

	Water Fund	
	2011	2010
Operating revenues:		
User fees	\$ 896,617	837,266
Hookup fees	7,890	24,328
Service initiation	1,950	9,024
Miscellaneous	23,919	14,955
Total operating revenues	<u>930,376</u>	<u>885,573</u>
Operating expenses:		
Personnel and personnel services	224,016	227,603
Contractual services	141,474	135,829
Commodities	43,332	40,729
Other	6,399	11,664
Total operating expenses	<u>415,221</u>	<u>415,825</u>
Operating income (loss)	<u>515,155</u>	<u>469,748</u>
Non-operating revenues (expenses):		
Capital outlay	(79,980)	(82,535)
Debt service - principal	(140,000)	(140,000)
Debt service - interest	(116,985)	(121,395)
Interest income	12,578	27,136
Total non-operating revenues (expenses)	<u>(324,387)</u>	<u>(316,794)</u>
Change in net assets	190,768	152,954
Net assets:		
Net assets - beginning	<u>3,626,795</u>	<u>3,473,841</u>
Net assets - ending	<u>\$ 3,817,563</u>	<u>3,626,795</u>

See accompanying notes to financial statements.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Cash Flows - Modified Cash Basis

Enterprise Fund - Water

For the Year Ended April 30, 2011

With Comparative Totals for the Year Ended April 30, 2010

	Water Fund	
	2011	2010
Cash flows from operating activities:		
Receipts from customers	\$ 930,376	885,573
Payments to suppliers	(191,205)	(186,222)
Payments to employees	(224,016)	(229,603)
Net cash flows from operating activities	515,155	469,748
Cash flows from capital and related financing activities:		
Payment of revenue bond principal and notes payable	(140,000)	(140,000)
Purchase of fixed assets	(79,980)	(82,535)
Interest paid	(116,985)	(121,395)
Net cash flows from capital financing activities	(336,965)	(343,930)
Cash flows from investing activities –		
Purchase of investments	(6,649,611)	(5,170,269)
Sales of investments	6,456,000	5,007,569
Interest on investments	12,578	27,136
Net cash flows from investing activities	(181,033)	(135,564)
Net (decrease) increase in cash and cash equivalents	(2,843)	(9,746)
Cash and cash equivalents, beginning of year	3,178	12,924
Cash and cash equivalents, end of year	\$ 335	3,178

See accompanying notes to financial statements.

VILLAGE OF CHERRY VALLEY, ILLINOIS

**Statement of Fiduciary Net Assets - Modified Cash Basis
Police Pension Trust Fund**

April 30, 2011

With Comparative Totals for the Year Ended April 30, 2010

	<u>Police Pension</u>	
	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 18,961	18,243
Investments	<u>1,687,498</u>	<u>1,545,014</u>
Total assets	<u>1,706,459</u>	<u>1,563,257</u>
<u>Liabilities and Net Assets</u>		
Liabilities	<u>-</u>	<u>-</u>
Net assets:		
Held in trust for pension benefits	<u>1,706,459</u>	<u>1,563,257</u>
Total net assets	<u>\$ 1,706,459</u>	<u>1,563,257</u>

See accompanying notes to financial statements.

VILLAGE OF CHERRY VALLEY, ILLINOIS

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

Year Ended April 30, 2011

With Comparative Totals for the Year Ended April 30, 2010

	Police Pension	
	2011	2010
Additions:		
Contributions:		
Employer	\$ 238,274	231,334
Employee	81,415	81,415
Total contributions	319,689	312,749
Net investment income	61,942	49,272
Realized (loss) gain	(5,360)	5,771
Investment fees	(8,098)	(6,948)
Total investment income	48,484	48,095
Total additions	368,173	360,844
Deductions:		
General administration	8,090	4,362
Pension benefits	216,881	209,920
Total deductions	224,971	214,282
Change in net assets	143,202	146,562
Net assets - beginning	1,563,257	1,416,695
Net assets - ending	\$ 1,706,459	1,563,257

See accompanying notes to financial statements.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2011

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 assets and the statement of activities 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 Detention.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2011

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

Fund. 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 Project Fund: The Capital Project Fund is used to account for 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, 2011

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 Assets 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 below.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2011

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 and "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (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 assets.

Basis of Accounting: In the government-wide Statement of Net Assets and Statement of Activities and fund financial statements, governmental and business-like activities are presented using a 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: Cash equivalents are made up of checking, money market accounts and certificate of deposits.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2011

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

Investments: Investments consist of certificates of deposit, Illinois Funds Money Market 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, and annuities. Investments are accounted for at cost.

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: Reservations of fund balance represent those assets, which are not available for appropriations or are legally segregated for a specific purpose.

Restricted Net Assets: Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as debt covenants), contributors or regulations of other governments or are imposed by law through constitutional or enabling legislation. The Village reports restricted net assets as a result of its bond ordinance requirements and imposed by law through enabling legislation. Both restricted and unrestricted net assets may be available to finance obligations of the Village. In these cases, it is the Village's policy to first utilize restricted net assets.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
 April 30, 2011

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments of the Village at April 30, 2011:

Deposits in financial institutions	\$ 114,385
Certificates of deposit	6,467,518
Investments:	
Illinois Funds Money Market funds	758,786
Mutual funds	1,039,333
Federal Home Loan Mortgage Corporation Real Estate Mortgage Investment Contracts	88,278
Governmental National Mortgage Association Pool Notes	3,543
Governmental National Mortgage Association Real Estate Mortgage Investment Contracts	87,805
Annuities	78,000
Total investments	<u>2,055,745</u>
Total cash and investments	<u>\$ 8,637,648</u>

Interest Rate Risk – Investments: Interest rate risk is the risk that will adversely affect the fair value of an investment. As of April 30, 2011, the Village had the investments in debt securities with the following maturities:

<u>Investment Type</u>	<u>Cost</u>	<u>Investment Maturities (in Years)</u>			
		<u>< 1</u>	<u>1-5</u>	<u>6-10</u>	<u>> 10</u>
Illinois Funds Money Market Funds *	\$ 758,786	758,786	-	-	-
Mutual Funds	1,039,333	1,039,333	-	-	-
Federal Home Loan Mortgage Corporation Real Estate Mortgage Investment Contracts	88,278	-	15,603	2,731	69,944
Government National Mortgage Association Pool Notes	3,543	-	-	-	3,543
Government National Mortgage Association Real Estate Mortgage Investment Contracts	87,805	-	-	-	87,805
Annuities	78,000	78,000	-	-	-
	<u>\$ 2,055,745</u>	<u>1,876,119</u>	<u>15,603</u>	<u>2,731</u>	<u>161,292</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
 April 30, 2011

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, 2011, 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>Cost</u>	<u>Credit Rating</u>	
		<u>Moody's</u>	<u>Standard & Poor's</u>
Illinois Funds Money Market Funds	\$ 758,786	NR	AAA
Mutual Funds	1,039,333	NA	NA
Federal Home Loan Mortgage Corporation			
Real Estate Mortgage Investment Contracts	88,278	Aaa	AAA
Government National Mortgage Association			
Pool Notes	3,543	**	**
Government National Mortgage Association			
Real Estate Mortgage Investment Contracts	87,805	**	**
Annuities	\$ 78,000	NA	NA

NR - not rated

NA - not available

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

State statutes applicable to Illinois villages and Illinois police pension funds authorize the Village to make deposits in commercial banks, savings and loan institutions,

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2011

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

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, 2011, 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, 2011, 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 custodial credit risk. At April 30, 2011, 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, 2011.

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.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
 April 30, 2011

4. LONG-TERM OBLIGATION

At April 30, 2011, the Village's long-term debt consisted of the following:

GOVERNMENTAL ACTIVITIES

General Obligation (Alternate revenue sources) bonds:	
2004 bonds (Sales Tax Alternate Revenue Source Bonds), \$3,800,000 original amount, due in annual installments of \$370,000 to \$500,000 through January 2013, interest at 1.45% to 4.25% payable semiannually	\$ 985,000
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 2.2% to 4% payable semiannually	1,370,000
Intergovernmental agreement - Winnebago County (see Note 9)	450,000
Compensated absences	239,700
Police pension underfunding	4,304
Post employment benefits underfunding	25,203
	<u>\$ 3,074,207</u>

BUSINESS-TYPE ACTIVITIES

General Obligation (Alternate revenue sources) bonds:	
2005A bonds (Waterworks Alternate Revenue Source Bonds), \$3,300,000 original amount, due in annual installments of \$125,000 to \$245,000 through January 2025, interest at 2.75% to 5% payable semiannually	2,630,000
Compensated absences	12,200
	<u>\$ 2,642,200</u>

A summary of the changes in long-term obligations of the Village for the year ended April 30, 2011 is as follows:

GOVERNMENTAL ACTIVITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due in One Year
General obligation bonds	\$ 3,070,000	-	715,000	2,355,000	745,000
Intergovernmental agreement	600,000	-	150,000	450,000	150,000
Compensated absences	235,600	4,100	-	239,700	-
Police pension underfunding	4,198	106	-	4,304	-
Post employment benefits underfunding	8,882	16,321	-	25,203	-
	<u>\$ 3,918,680</u>	<u>20,527</u>	<u>865,000</u>	<u>3,074,207</u>	<u>895,000</u>

BUSINESS-TYPE ACTIVITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due in One Year
General obligation bonds	\$ 2,770,000	-	140,000	2,630,000	145,000
Compensated absences	11,000	1,200	-	12,200	-
	<u>\$ 2,781,000</u>	<u>1,200</u>	<u>140,000</u>	<u>2,642,200</u>	<u>145,000</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
 April 30, 2011

4. LONG-TERM OBLIGATION (Continued)

As of April 30, 2011, the Village has decreased its alternate revenue bond debt outstanding by \$715,000.

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:

Due During the Years Ending April 30,	GOVERNMENTAL ACTIVITIES			Due During the Years Ending April 30,	BUSINESS-TYPE ACTIVITIES		
	Principal	Interest	Total		Principal	Interest	Total
2012	\$ 745,000	91,906	836,906	2012	\$ 145,000	112,436	257,436
2013	765,000	62,590	827,590	2013	150,000	107,578	257,578
2014	275,000	32,240	307,240	2014	155,000	102,328	257,328
2015	280,000	21,240	301,240	2015	160,000	96,670	256,670
2016	290,000	11,020	301,020	2016	170,000	90,670	260,670
2017 - 2021	-	-	-	2017 - 2021	945,000	346,890	1,291,890
2022 - 2025	-	-	-	2022 - 2025	905,000	115,000	1,020,000
	<u>\$ 2,355,000</u>	<u>218,996</u>	<u>2,573,996</u>		<u>\$ 2,630,000</u>	<u>971,572</u>	<u>3,601,572</u>

The Village's aggregate indebtedness is subject to a statutory limitation of 8.625 percent of its equalized assessed value at December 31, 2010. At April 30, 2011, the maximum allowed indebtedness of the Village is \$7,730,408 based on an assessed valuation of \$89,627,915. 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 \$2,630,000 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 2025. 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 \$3,601,572. Principal and interest paid for the current year and total customer net revenues were \$256,985 and \$930,376, respectively.

The Village also has pledged a portion of future sales tax revenues to repay \$2,355,000 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 \$2,573,996, payable through 2016. For the current year, principal and interest paid and total sales tax revenues were \$834,475 and \$3,166,555, respectively.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2011

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. 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, 2011, 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 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 2010 was 12.53 percent of annual covered payroll. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

The required contribution for calendar year 2010 was \$74,799.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
 April 30, 2011

5. RETIREMENT PLAN COMMITMENTS (Continued)

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$ 74,799	100%	\$ -
12/31/09	77,535	100%	-
12/31/08	80,367	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, 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, 2008 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, 2010, the most recent actuarial valuation date, the Regular plan was 56.41 percent funded. The actuarial accrued liability for benefits was \$1,529,207 and the actuarial value of assets was \$862,562, resulting in an underfunded actuarial liability (UAAL) of \$666,645. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$596,956 and the ratio of the UAAL to the covered payroll was 112 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, 2011

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.

As of April 30, 2011, the Plan's membership consisted of:

Retirees and beneficiaries receiving benefits	7
Terminated plan members entitled to but not Yet receiving benefits	-
Active vested plan members	8
Active non-vested plan members	<u>7</u>
	<u><u>22</u></u>

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. 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.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
 April 30, 2011

5. RETIREMENT PLAN COMMITMENTS (Continued)

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. Investments are recorded at their cost.

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, 2011 was 28.05% of covered payroll. This information is available on a bi-annual basis.

Annual Pension Cost:

The Village's annual pension cost and net pension obligation for the Plan for the year ended April 30, 2011 were as follows:

Annual required contribution (ARC)	\$	231,334
Interest on net pension obligation (NPO)		315
Adjustment to ARC		<u>(209)</u>
Annual pension cost		231,440
Contribution made		<u>231,334</u>
Change in NPO		106
NPO, April 30, 2008		<u>4,198</u>
NPO, April 30, 2010	\$	<u><u>4,304</u></u>

Three-Year Trend Information for Police Pension

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
04/30/10	\$ 231,440	99.9%	\$ 4,304
04/30/08	219,251	100.0%	4,198
04/30/06	209,188	99.9%	4,089

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
 April 30, 2011

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.

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, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual OPEB Cost and net OPEB Obligation

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

Actuarial valuations of an on going 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 that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
April 30, 2011

6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

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.

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.

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.

VILLAGE OF CHERRY VALLEY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)
 April 30, 2011

7. RISK MANAGEMENT (Continued)

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 2011 was approximately \$61,500.

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 \$450,000 at April 30, 2011.

10. INTERFUND TRANSFERS

The Village made the following interfund transfers:

<u>FROM</u>	<u>TO</u>		
Capital Projects Fund *	Debt Service Fund *	\$	362,508
General Fund *	Debt Service Fund *	\$	612,777

* - denotes major fund

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

VILLAGE OF CHERRY VALLEY, ILLINOIS
Required Supplementary Information
Schedule of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended April 30, 2011
With Comparative Totals for the Year Ended April 30, 2010

	2011			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Intergovernmental -					
Taxes	\$ 3,418,001	3,418,001	3,641,766	223,765	3,352,702
Licenses, fees and permits	176,300	176,300	250,645	74,345	198,224
Other	93,000	93,000	120,941	27,941	159,875
	<u>3,687,301</u>	<u>3,687,301</u>	<u>4,013,352</u>	<u>326,051</u>	<u>3,710,801</u>
Expenditures disbursed:					
Current:					
General government	752,045	752,045	679,463	72,582	768,300
Public safety	1,607,697	1,607,697	1,583,071	24,626	1,613,611
Highways and streets	868,774	868,774	683,870	184,904	813,303
Capital expenditures	91,000	91,000	44,694	46,306	216,706
Total expenditures	<u>3,319,516</u>	<u>3,319,516</u>	<u>2,991,098</u>	<u>328,418</u>	<u>3,411,920</u>
Excess (deficiency) of revenues over (under) expenditures	367,785	367,785	1,022,254	654,469	298,881
Other financing sources (uses):					
Operating transfers out	(975,285)	(975,285)	(612,777)	362,508	(1,102,486)
Total other financing sources (uses)	<u>(975,285)</u>	<u>(975,285)</u>	<u>(612,777)</u>	<u>362,508</u>	<u>(1,102,486)</u>
Net change in fund balance	(607,500)	(607,500)	409,477	1,016,977	(803,605)
Fund balance:					
Beginning	786,200	786,200	895,871	109,671	1,699,476
Ending	<u>\$ 178,700</u>	<u>178,700</u>	<u>1,305,348</u>	<u>1,126,648</u>	<u>895,871</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS

Required Supplementary Information
 Schedule of Funding Progress
Illinois Municipal Retirement Fund

April 30, 2011

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll (b-a)/c</u>
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
12/31/08	1,071,449	1,549,549	478,100	69.15	583,215	81.98

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$914,901. On a market basis the funded ratio would be 59.83%.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Required Supplementary Information
 Schedule of Funding Progress
Police Pension Trust Fund

April 30, 2011

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	\$ 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 valuations performed every two years unless the police force has changed by two, where in that case the actuarial study will be performed in that fiscal year.

VILLAGE OF CHERRY VALLEY, ILLINOIS
 Required Supplementary Information
 Schedule of Funding Progress
Post Employment Benefits Other Than Pension
 April 30, 2011

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 REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2011

LEGAL COMPLIANCE AND ACCOUNTABILITY

On or before April 1 of each year, all departments of the Village submit requests for budgets to the Mayor 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.

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VILLAGE OF CHERRY VALLEY, ILLINOIS
Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds

April 30, 2011

	Special Revenue		Total
	Motor Fuel Tax Fund	Special Service Area #2 Fund	Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 1,210	-	1,210
Investments	112,700	8,068	120,768
Total assets	113,910	8,068	121,978
Liabilities:			
Total liabilities	-	-	-
Fund balances:			
Unreserved, undesignated	113,910	8,068	121,978
Total fund balances	113,910	8,068	121,978
Total liabilities and fund balances	\$ 113,910	8,068	121,978

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, 2011

	<u>Special Revenue</u>		<u>Total</u>
	<u>Motor Fuel</u>	<u>Special</u>	<u>Nonmajor</u>
	<u>Tax</u>	<u>Service Area</u>	<u>Governmental</u>
	<u>Fund</u>	<u>#2 Fund</u>	<u>Funds</u>
Revenues received:			
Taxes	\$ 65,174	-	65,174
Interest	222	9	231
Total revenues	<u>65,396</u>	<u>9</u>	<u>65,405</u>
Expenditures disbursed:			
Capital Outlay	<u>35,273</u>	226	<u>35,499</u>
Total expenditures	<u>35,273</u>	<u>226</u>	<u>35,499</u>
Net change in fund balance	30,123	(217)	29,906
Beginning	<u>83,787</u>	<u>8,285</u>	<u>92,072</u>
Ending	\$ <u><u>113,910</u></u>	<u><u>8,068</u></u>	<u><u>121,978</u></u>

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, 2011
With Comparative Totals for the Year Ended April 30, 2010

	2011			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Intergovernmental -					
Motor fuel taxes	\$ 56,300	56,300	65,174	8,874	54,917
Interest	300	300	222	(78)	332
Total revenues	<u>56,600</u>	<u>56,600</u>	<u>65,396</u>	<u>8,796</u>	<u>55,249</u>
Expenditures disbursed:					
Highways and streets:					
Capital outlay - improvements	88,000	88,000	35,273	52,727	81,229
Total expenditures	<u>88,000</u>	<u>88,000</u>	<u>35,273</u>	<u>52,727</u>	<u>81,229</u>
Net change in fund balance	(31,400)	(31,400)	30,123	61,523	(25,980)
Fund balance:					
Beginning	79,000	79,000	83,787	4,787	109,767
Ending	\$ <u>47,600</u>	<u>47,600</u>	<u>113,910</u>	<u>66,310</u>	<u>83,787</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, 2011
With Comparative Totals for the Year Ended April 30, 2010

	2011			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Interest income	\$ -	-	9	9	431
Total revenues	-	-	9	9	431
Expenditures disbursed:					
Detention:					
Capital outlay	-	-	226	(226)	-
Total expenditures	-	-	226	(226)	-
Net change in fund balance	-	-	(217)	(217)	431
Fund balance					
Beginning	8,300	8,300	8,285	(15)	60,610
Ending	\$ 8,300	8,300	8,068	(232)	61,041

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, 2011

With Comparative Totals for the Year Ended April 30, 2010

	2011			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Taxes:					
Sales	\$ 3,048,601	3,048,601	3,166,555	117,954	3,048,524
Property	37,500	37,500	47,979	10,479	37,522
State income	141,600	141,600	187,482	45,882	141,575
State use tax	27,700	27,700	30,188	2,488	26,190
Replacement tax	20,000	20,000	22,200	2,200	20,041
Hotel tax	27,300	27,300	29,736	2,436	27,343
Telecommunications tax	71,000	71,000	109,921	38,921	5,915
Auto rental	2,100	2,100	1,030	(1,070)	2,085
Rentals	42,200	42,200	46,675	4,475	43,507
Total taxes	<u>3,418,001</u>	<u>3,418,001</u>	<u>3,641,766</u>	<u>223,765</u>	<u>3,352,702</u>
Licenses and permits	<u>46,000</u>	<u>46,000</u>	<u>38,216</u>	<u>(7,784)</u>	<u>49,892</u>
Fines & fees:					
Fines - police	92,500	92,500	175,583	83,083	110,506
Franchise	37,800	37,800	36,846	(954)	37,826
	<u>130,300</u>	<u>130,300</u>	<u>212,429</u>	<u>82,129</u>	<u>148,332</u>
Other revenue:					
Interest	5,000	5,000	1,645	(3,355)	10,034
Reimbursements	-	-	-	-	149,841
Miscellaneous	88,000	88,000	119,296	31,296	-
Total other	<u>93,000</u>	<u>93,000</u>	<u>120,941</u>	<u>27,941</u>	<u>159,875</u>
Total revenues	<u>3,687,301</u>	<u>3,687,301</u>	<u>4,013,352</u>	<u>326,051</u>	<u>3,710,801</u>
Expenditures disbursed:					
General government:					
Salaries	161,222	161,222	156,737	4,485	188,376
Salaries - part time	62,250	62,250	58,685	3,565	62,719
Special committees	4,500	4,500	4,650	(150)	4,275
Payroll taxes	22,728	22,728	23,106	(378)	21,464
Insurance	99,350	99,350	93,641	5,709	87,253
Hospital insurance	51,368	51,368	51,144	224	52,145
Pension benefits	23,449	23,449	22,305	1,144	25,107
Maintenance - vehicles	500	500	1,280	(780)	608
Maintenance - equipment	1,000	1,000	1,249	(249)	974
Office supplies	2,500	2,500	2,661	(161)	3,192
Uniforms	-	-	32	(32)	-
Professional services	25,500	25,500	22,195	3,305	28,729
Legal services	53,000	53,000	61,593	(8,593)	57,409
Postage	2,800	2,800	2,288	512	5,726
Advertising and publishing	4,000	4,000	2,454	1,546	7,266
Telephone	4,500	4,500	5,117	(617)	6,118
Utilities	9,700	9,700	6,460	3,240	7,125
Dues	1,080	1,080	710	370	2,223
Travel	400	400	402	(2)	7,079
Training	\$ 650	650	650	-	2,104

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, 2011

With Comparative Totals for the Year Ended April 30, 2010

	2011			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Expenditures disbursed(continued):					
General government (continued):					
Fuel	\$ 1,000	1,000	1,235	(235)	2,219
Audit and accounting services	5,800	5,800	5,800	-	6,400
Corporate replacement taxes	4,600	7,400	7,335	65	3,539
Real estate taxes	6,000	6,000	4,585	1,415	4,418
Tax rebate	112,000	109,200	61,536	47,664	95,926
Tourism	62,098	62,098	55,468	6,630	52,617
Bond handling fees	1,300	1,300	800	500	1,950
Community welfare	2,750	2,750	1,945	805	4,167
Miscellaneous	1,000	1,000	1,000	-	1,184
Contingency	25,000	25,000	22,400	2,600	25,988
Capital outlay – equipment	2,000	2,000	1,121	879	670
Total general government	<u>754,045</u>	<u>754,045</u>	<u>680,584</u>	<u>73,461</u>	<u>768,970</u>
Public safety:					
Salaries	831,574	831,574	859,793	(28,219)	870,362
Salaries – part time	12,000	12,000	13,129	(1,129)	43,124
Payroll taxes	64,533	64,533	63,122	1,411	66,571
Insurance	272,736	272,736	256,964	15,772	238,533
Pension benefits	241,034	241,034	241,360	(326)	233,239
Maintenance – vehicles	25,014	25,014	20,175	4,839	27,194
Maintenance – equipment	13,376	13,376	10,804	2,572	10,455
Travel	900	900	197	703	8,777
Training and seminars	4,810	4,810	3,611	1,199	10,203
Tuition assistance	600	600	600	-	324
Postage	2,000	2,000	1,065	935	1,200
Advertising and publishing	2,100	2,100	1,190	910	1,095
Memberships	1,000	1,000	1,124	(124)	624
Professional services	28,350	28,350	28,090	260	30,816
Telephone	10,200	10,200	7,799	2,401	7,881
Utilities	11,200	11,200	6,460	4,740	5,880
Supplies	2,000	2,000	1,578	422	1,706
Gas and oil	43,750	43,750	38,509	5,241	33,877
Uniforms	13,100	13,100	8,207	4,893	13,479
Special events	1,000	1,000	62	938	3,030
Other supplies	5,910	5,910	3,076	2,834	4,516
Miscellaneous	20,510	20,510	16,156	4,354	725
Capital outlay – vehicles	-	-	-	-	68,284
Capital outlay – equipment	11,700	11,700	5,250	6,450	17,305
Total public safety	<u>1,619,397</u>	<u>1,619,397</u>	<u>1,588,321</u>	<u>31,076</u>	<u>1,699,200</u>
Public works - administration:					
Salaries	280,503	269,403	245,272	24,131	276,822
Salaries – part time	-	5,000	4,899	101	18,695
Payroll taxes	21,459	21,459	18,045	3,414	21,690
Insurance	89,009	95,109	73,428	21,681	85,493
Pension benefits	36,753	36,753	30,479	6,274	33,945
Mosquito control	31,200	31,200	31,142	58	37,342
Travel	-	-	-	-	-
Training and seminars	2,800	2,800	2,576	224	2,513
Tuition assistance	\$ 500	500	604	(104)	-

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, 2011
With Comparative Totals for the Year Ended April 30, 2010

	2011			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Expenditures disbursed (continued):					
Public works - administration (cont):					
Advertising and publishing	\$ 1,600	1,600	976	624	-
Memberships	1,000	1,000	923	77	2,803
Professional services	26,500	26,500	16,988	9,512	20,785
Engineering services	50,000	50,000	17,360	32,640	39,191
Rentals	4,000	4,000	315	3,685	1,954
Telephone	-	-	-	-	-
Supplies	1,200	1,200	1,185	15	1,143
Gas and oil	20,000	20,000	19,599	401	14,923
Uniforms	4,400	4,400	4,389	11	4,513
Other supplies	1,000	1,000	486	514	1,281
Miscellaneous	500	500	-	500	250
Capital outlay – equipment	-	-	-	-	1,850
Total public works - admin	<u>572,424</u>	<u>572,424</u>	<u>468,666</u>	<u>103,758</u>	<u>565,193</u>
Public works - streets and alleys:					
Maintenance – equipment	20,000	20,000	19,133	867	10,962
Maintenance – vehicles	19,000	19,000	12,396	6,604	8,439
Maintenance – streets	66,300	60,500	44,272	16,228	45,905
Professional services	8,500	8,500	4,100	4,400	5,297
Engineering services	3,000	8,800	8,771	29	19,729
Telephone	10,000	10,000	6,952	3,048	6,819
Utilities	2,500	2,500	1,356	1,144	1,395
Street lighting	55,000	55,000	51,914	3,086	52,041
Supplies	5,000	5,000	5,041	(41)	12,920
Other supplies	2,000	2,000	119	1,881	292
Miscellaneous	500	500	300	200	500
Capital outlay – improvements	36,000	36,000	4,444	31,556	6,898
Capital outlay – traffic	14,000	14,000	12,889	1,111	19,626
Capital outlay – equipment	17,100	17,100	14,964	2,136	4,022
Capital outlay – vehicles	-	-	-	-	51,807
Total public works - streets and alleys	<u>258,900</u>	<u>258,900</u>	<u>186,651</u>	<u>72,249</u>	<u>246,652</u>
Public works - buildings and grounds:					
Maintenance – equipment	4,000	4,000	1,669	2,331	3,013
Maintenance – buildings	12,000	12,000	8,845	3,155	14,002
Maintenance – grounds	4,000	4,000	1,053	2,947	2,039
Professional services	42,250	42,250	20,574	21,676	34,659
Engineering services	13,000	13,000	4,126	8,874	4,852
Utilities	19,000	19,000	17,235	1,765	15,825
Other supplies	4,500	4,500	4,350	150	4,972
Special events	5,300	5,300	2,998	2,302	6,049
Miscellaneous	500	500	-	500	250
Capital outlay – improvements	3,500	3,500	525	2,975	2,315
Capital outlay – equipment	1,200	1,200	1,250	(50)	10,219
Capital outlay – parks	5,500	5,500	4,251	1,249	33,710
Total public works - buildings and grounds	<u>114,750</u>	<u>114,750</u>	<u>66,876</u>	<u>47,874</u>	<u>131,905</u>
Total expenditures	<u>\$ 3,319,516</u>	<u>3,319,516</u>	<u>2,991,098</u>	<u>328,418</u>	<u>3,411,920</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, 2011
With Comparative Totals for the Year Ended April 30, 2010

	2010			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Impact fees	\$ 1,700	1,700	863	(837)	5,144
Interest	20,000	20,000	6,096	(13,904)	19,697
Miscellaneous	-	-	2,197	2,197	3,374
Total revenues	<u>21,700</u>	<u>21,700</u>	<u>9,156</u>	<u>(12,544)</u>	<u>28,215</u>
Expenditures disbursed:					
Highways and streets:					
Capital outlay - improvements	150,000	150,000	175,325	(25,325)	207,289
Parks:					
Capital outlay	<u>172,700</u>	<u>172,700</u>	<u>98,491</u>	<u>74,209</u>	<u>-</u>
Total expenditures	<u>322,700</u>	<u>322,700</u>	<u>273,816</u>	<u>48,884</u>	<u>207,289</u>
Excess (deficiency) of revenues over (under) expenditures	(301,000)	(301,000)	(264,660)	36,340	(179,074)
Total Other financing sources (uses):					
Transfers out	-	-	(362,508)	(362,508)	(82,263)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(362,508)</u>	<u>(362,508)</u>	<u>(82,263)</u>
Net change in fund balance	(301,000)	(301,000)	(627,168)	(326,168)	(261,337)
Fund balance:					
Beginning	<u>2,001,800</u>	<u>2,001,800</u>	<u>2,005,872</u>	<u>4,072</u>	<u>2,267,209</u>
Ending	<u>\$ 1,700,800</u>	<u>1,700,800</u>	<u>1,378,704</u>	<u>(322,096)</u>	<u>2,005,872</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, 2011
With Comparative Totals for the Year Ended April 30, 2010

	2011			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Revenues received:					
Interest	\$ 350	350	467	117	376
Total revenues	<u>350</u>	<u>350</u>	<u>467</u>	<u>117</u>	<u>376</u>
Expenditures disbursed:					
Debt service					
GO bond - principal	715,000	715,000	715,000	-	895,000
GO bond - interest	119,475	119,475	119,475	-	156,135
Total expenditures	<u>834,475</u>	<u>834,475</u>	<u>834,475</u>	<u>-</u>	<u>1,051,135</u>
Excess (deficiency) of revenues (under) expenditures	(834,125)	(834,125)	(834,008)	117	(1,050,759)
Other financing sources (uses):					
Transfers in	975,285	975,285	975,285	-	1,184,749
Total other financing sources (uses)	<u>975,285</u>	<u>975,285</u>	<u>975,285</u>	<u>-</u>	<u>1,184,749</u>
Net changes in fund balances:	141,160	141,160	141,277	117	133,990
Fund balance					
Beginning	<u>135,138</u>	<u>135,138</u>	<u>135,138</u>	<u>-</u>	<u>1,148</u>
Ending	\$ <u><u>276,298</u></u>	<u><u>276,298</u></u>	<u><u>276,415</u></u>	<u><u>117</u></u>	<u><u>135,138</u></u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Proprietary Fund Type - Water Fund
For the Year Ended April 30, 2011
With Comparative Totals for the Year Ended April 30, 2010

	2011			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Operating revenues:					
User fees	\$ 871,000	871,000	896,617	25,617	837,266
Hookup fees	24,000	24,000	7,890	(16,110)	24,328
Service initiation	9,000	9,000	1,950	(7,050)	9,024
Reimbursements	-	-	8,139	8,139	-
Miscellaneous	14,500	14,000	15,780	1,780	14,955
Total operating revenues	<u>918,500</u>	<u>918,000</u>	<u>930,376</u>	<u>12,376</u>	<u>885,573</u>
Operating expenses:					
Personnel services	244,930	244,930	224,016	20,914	227,603
Contractual services	260,925	260,925	141,474	119,451	135,829
Commodities	47,800	47,800	43,332	4,468	40,729
Other	40,600	40,600	6,399	34,201	11,664
Total operating expenses	<u>594,255</u>	<u>594,255</u>	<u>415,221</u>	<u>179,034</u>	<u>415,825</u>
Operating income	<u>324,245</u>	<u>323,745</u>	<u>515,155</u>	<u>191,410</u>	<u>469,748</u>
Non-operating revenue (expenses)					
Capital outlays	(791,500)	(791,500)	(79,980)	711,520	(82,535)
Debt service - principal	(140,000)	(140,000)	(140,000)	-	(140,000)
Debt service - interest	(116,985)	(116,985)	(116,985)	-	(121,395)
Interest income	34,080	34,080	12,578	(21,502)	27,136
Total non-operating revenues expenses	<u>(1,014,405)</u>	<u>(1,014,405)</u>	<u>(324,387)</u>	<u>690,018</u>	<u>(316,794)</u>
Change in net assets	(690,160)	(690,660)	190,768	881,428	152,954
Net assets					
Beginning	3,616,086	3,616,086	3,626,795	10,709	3,473,841
Ending	<u>\$ 2,925,926</u>	<u>2,925,426</u>	<u>3,817,563</u>	<u>892,137</u>	<u>3,626,795</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Operating Expenses and Capital Outlays
Proprietary Fund Type - Water Fund
For the Year Ended April 30, 2011
With Comparative Totals for the Year Ended April 30, 2010

	2011			Variance Positive (Negative)	2010
	Original Budget	Final Budget	Actual		Actual
Personnel services:					
Office salary	\$ 158,445	158,445	149,018	9,427	151,559
Payroll taxes	11,735	11,735	10,900	835	11,095
Insurance	54,294	54,294	45,875	8,419	47,322
Retirement fund	20,456	20,456	18,223	2,233	17,627
Total personnel services	<u>244,930</u>	<u>244,930</u>	<u>224,016</u>	<u>20,914</u>	<u>227,603</u>
Contractual services:					
Maintenance – equipment	23,000	23,000	12,277	10,723	18,986
Maintenance – system	20,100	20,100	10,707	9,393	10,482
Maintenance – streets	11,000	11,000	1,026	9,974	212
Engineering	62,500	62,500	3,870	58,630	-
Postage	6,600	6,600	5,499	1,101	4,410
Printing	1,600	1,600	1,533	67	735
Professional fees	37,900	37,900	27,189	10,711	21,053
Audit	2,500	2,500	2,500	-	2,500
Legal	5,800	5,800	1,952	3,848	2,268
Telephone	2,750	2,750	1,065	1,685	1,110
Training	2,175	2,175	2,640	(465)	2,000
Utilities	85,000	85,000	71,216	13,784	72,073
Total contractual services	<u>260,925</u>	<u>260,925</u>	<u>141,474</u>	<u>119,451</u>	<u>135,829</u>
Commodities:					
Gas and Oil	10,500	10,500	7,275	3,225	8,575
Office supplies	1,500	1,500	876	624	920
Operating supplies	800	800	343	457	520
Chemicals	31,500	30,300	30,235	65	27,645
Other supplies	3,500	4,700	4,603	97	3,069
Total commodities	<u>47,800</u>	<u>47,800</u>	<u>43,332</u>	<u>4,468</u>	<u>40,729</u>
Other:					
Miscellaneous	600	600	559	41	764
Contingency	40,000	40,000	5,840	34,160	10,900
Total other	<u>40,600</u>	<u>40,600</u>	<u>6,399</u>	<u>34,201</u>	<u>11,664</u>
Total operating expenses	<u>594,255</u>	<u>594,255</u>	<u>415,221</u>	<u>179,034</u>	<u>415,825</u>
Capital outlays:					
Equipment	(5,500)	(5,500)	(1,408)	4,092	(7,253)
Extensions and improvements	(671,000)	(671,000)	-	671,000	-
Meters	(75,000)	(75,000)	(45,661)	29,339	(75,282)
Vehicles	(40,000)	(40,000)	(32,911)	7,089	-
Total capital outlays	<u>\$ (791,500)</u>	<u>(791,500)</u>	<u>(79,980)</u>	<u>711,520</u>	<u>(82,535)</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS
Schedule of Legal Debt Margin
April 30, 2011

	2011	2010
Assessed Valuations *	\$ 89,627,915	93,667,454
	7,730,408	8,078,818
Statutory Debt Limitation (8.625% of Assessed Valuation)		
General long-term debt	4,985,000	5,840,000
Less bonded debt excluded from long-term debt *	(4,985,000)	(5,840,000)
Total amount of debt applicable to debt limit	-	-
Legal Debt Margin	\$ 7,730,408	8,078,818

* General obligation alternate revenue bonds of \$4,985,000 are excluded by state statute.

