

**VILLAGE OF BOURBONNAIS
BOURBONNAIS, ILLINOIS**

**FINANCIAL STATEMENTS
APRIL 30, 2012**

VILLAGE OF BOURBONNAIS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Village of Bourbonnais
Bourbonnais, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bourbonnais, as of and for the year ended April 30, 2012, which collectively comprise the Village of Bourbonnais' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Bourbonnais' management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2011 comparative information has been derived from the Village's April 30, 2011 financial statements, and in our report dated April 27, 2012 we expressed unqualified opinions on those financial statements.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 opinions.

For the year ended April 30, 2012, we were unable to satisfy ourselves with respect to the amount of the employer's required contribution, any related receivable, and the funded status and funding progress of the Bourbonnais Police Pension Fund (which is included in the aggregate remaining fund information). As discussed in Note 7 to the financial statements, the Bourbonnais Police Pension Fund did not obtain an actuarial valuation as of April 30, 2011 which is required to determine the amount of the employer required contributions for the year ended April 30, 2012.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bourbonnais as of April 30, 2012 and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2013, on our consideration of the Village of Bourbonnais' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Bourbonnais' basic financial statements. The statistical information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Borschneck, Pelletier + Co.

January 18, 2013

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2012**

This section of the Village of Bourbonnais' comprehensive annual financial report presents management's discussion and analysis of the Village's financial performance during the fiscal year ended on April 30, 2012. Please read this analysis in conjunction with the Village's basic financial statements, which follow this section.

Financial Highlights

Summary Financial Highlights for the fiscal year ending April 30, 2012 are as follows:

- Despite economic conditions to the contrary, growth continues in Bourbonnais. During the fiscal year 2012, twelve permits were issued for new single family homes.
- Sanitary sewer lining in Tri-Star Estates was completed during the fiscal year
- The Village began construction of Burns Road west of Route 45 to Career Center Road
- The Village commissioned a rate study to determine the appropriate charges for sewer services for all users

Overview of the Financial Statements

The Village's annual report consists of four parts - 1) *management's discussion and analysis* (this section), 2) *the basic financial statements*, 3) *required supplemental information*, and 4) *an optional section* that presents statistical information. The basic financial statements include two types of statements that present different views of the Village.

- The first two statements are *government wide financial statements* that provide both *long-term* and *short-term* information about the Village's *overall* financial status. These appear first and include the Statement of Net Assets and the Statement of Activities. They report information about the Village as a whole. The statements are prepared using the accrual method of accounting which is the accounting method used by most private sector businesses. The Statement of Net Assets includes all of the Village's assets and liabilities except the fiduciary funds. All current year revenues and expenses are reported in the Statement of Activities. These statements report the governmental and business-type activities of the Village which include all services performed by the Village. These activities are funded primarily by property taxes, charges for services and federal and state grants.
- The Statement of Net Assets shows the Village's assets and liabilities. The difference between total assets and liabilities equals the net assets or deficit of the Village. A deficit occurs when there are more liabilities than there are assets to pay those liabilities. This statement measures the financial strength of the Village; the greater the net asset, generally indicates a healthier financial position for the Village. The statement helps management determine if the Village will be able to fund current obligations and whether they have resources available for future use.
- The Statement of Activities shows the current year change in net assets on a revenues minus expenses basis. It generally shows the operating results for a given year of the

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2012**

Village. An excess of revenues over expenses results in an increase the net assets available to fund future needs of the Village. Excess expenses over revenues have an opposite impact on net assets.

- The remaining statements are fund financial statements that focus on individual *parts* of the Village government, reporting the Village's operations in more detail than the government wide statements. Funds that are separately stated as major funds include the General Fund, Special Tax Allocation Fund, Motor Fuel Tax Fund, Motor Fuel Tax Bond Fund, Impact Fees Fund, Sewer Operating Fund, and Refuse Disposal Fund.
- The *governmental funds* statements illustrate how general government services like public safety were financed in the short-term as well as what remains for future spending. They report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.
- Since the government-wide focus includes a long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances both provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.
- *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates like businesses, such as the Sewer Operating Fund. Information provided is consistent with the focus provided by the government-wide financial statements, but is separately stated for each major enterprise fund.
- *Fiduciary funds* - The Village is the trustee, or *fiduciary*, for its employees' pension plans. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Village's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a statement of changes in fiduciary net assets. We exclude these activities from the Village's government-wide financial statements because the Village cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Financial Statements can be found on pages 21-46.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2012**

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information including the major governmental fund budgetary schedules and data concerning the Village's progress in funding its obligations to provide pension benefits to its employees. Required supplemental information can be found on pages 47-51 of this report.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure - roads, bridges, storm sewers, etc.) have neither been reported nor depreciated in the governmental fund financial statements. Governmental Accounting Standards Board (GASB) Statement No. 34 requires that these assets be valued and reported within the Governmental Activities column of the government-wide statements. Additionally, the government must elect to either 1) depreciate these assets over their estimated useful life or 2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The Village has chosen to depreciate assets over their useful life.

If an improvement project is considered a recurring cost that does not extend the asset's original useful life or expand its capacity, the cost of that project will be expensed. For example, an "overlay" of a road will be expensed, whereas a "rebuild" of a road will be capitalized.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2012**

Government-Wide Financial Statements – Condensed Financial Information

Reports summarizing both long-term and short-term information regarding the financial condition of the Village are contained in the Statement of Net Assets and the Statement of Activities which follow:

Statements of Net Assets –

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Village of Bourbonnais, assets exceeded liabilities by \$38,821,431 as of April 30, 2012. The following table reflects the condensed Statements of Net Assets:

	2012			2011
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
Current Assets	\$ 11,605,448	\$ 1,409,949	\$ 13,015,397	\$ 12,349,657
Noncurrent Assets	<u>18,417,904</u>	<u>13,788,822</u>	<u>32,206,726</u>	<u>32,767,801</u>
Total assets	<u>30,023,352</u>	<u>15,198,771</u>	<u>45,222,123</u>	<u>45,117,458</u>
LIABILITIES				
Total liabilities	<u>2,352,499</u>	<u>4,048,193</u>	<u>6,400,692</u>	<u>6,835,371</u>
NET ASSETS				
Invested in capital assets, net of related debt	16,973,339	4,558,161	21,531,500	21,594,040
Restricted	6,382,532	1,204,048	7,586,580	5,936,999
Unrestricted	<u>4,314,982</u>	<u>5,388,369</u>	<u>9,703,351</u>	<u>10,751,048</u>
Total net assets	<u>\$ 27,670,853</u>	<u>\$ 11,150,578</u>	<u>\$ 38,821,431</u>	<u>\$ 38,282,087</u>

Discussion & Analysis

The Village's net assets totaled \$38,821,431 on April 30, 2012. Capital assets, net of related debt, amounted to \$21,531,500. This figure is arrived at by taking the original costs of the Village's capital assets, subtracting accumulated depreciation to date and comparing this figure to the amount of remaining debt utilized to finance the acquisition of those assets.

Restricted net assets totaled \$7,586,580 on April 30, 2012, and are those assets restricted by ordinance or by revenue bond agreements. By comparison, unrestricted net assets totaled \$9,703,351 for the year ended April 30, 2012. This total is the net accumulated result of the current and previous years' operations. Village operations are based on revenues from property taxes, charges for services, state and federal aid and grants and local funds received to fund Village programs.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2012**

Statements of Activities –

Overall results of operations for the Village of Bourbonnais for the fiscal operating period ending April 30, 2012 are reported in the Statement of Activities for the Village. This statement reports the changes in the Village's net assets for this fiscal period.

	2012			2011
	Governmental Activities	Business-type Activities	Total	Total
REVENUES				
Program Revenues				
Charges for service	\$ 1,118,093	\$ 3,826,814	\$ 4,944,907	\$ 4,398,875
Operating grants and contributions	84,909	-	84,909	236,920
Capital grants and contributions	-	322,526	322,526	-
General Revenues				
Property taxes	1,539,681	-	1,539,681	1,458,548
Franchise taxes	284,213	-	284,213	261,795
Income tax and other state taxes	5,949,605	-	5,949,605	5,185,709
Unrestricted investment earnings	48,695	5,628	54,323	76,390
Gain (loss) on sale of assets	7,972	-	7,972	20,716
Total revenues	<u>9,033,168</u>	<u>4,154,968</u>	<u>13,188,136</u>	<u>11,638,953</u>
EXPENSES				
General government	4,070,289	-	4,070,289	3,651,269
Public safety	3,213,778	-	3,213,778	3,251,092
Public works	1,478,848	-	1,478,848	1,331,186
Economic development	44,529	-	44,529	78,906
Culture and recreation	56,875	-	56,875	101,217
Interest on long-term debt	67,874	-	67,874	71,196
Sewer operations	-	2,976,466	2,976,466	1,555,798
Refuse disposal	-	1,079,310	1,079,310	998,349
Total expenses	<u>8,932,193</u>	<u>4,055,776</u>	<u>12,987,969</u>	<u>11,039,013</u>
Change in net assets	<u>\$ 100,975</u>	<u>\$ 99,192</u>	<u>\$ 200,167</u>	<u>\$ 599,940</u>

Discussion & Analysis

Total Village revenues were \$13,188,136 for the period. The Village's total cost (expense) to fund all governmental activities was \$8,932,139 while business-type activities were \$4,055,776. A majority of these costs were funded by property tax, user fees and State aid.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2012**

Capital Assets

The Village's investment in capital assets for its Governmental and Business-type Activities as of April 30, 2012 amounted to \$26,762,112. The investment in capital assets includes land, buildings, equipment, improvements other than buildings, underground systems, infrastructure, and construction in progress. This amount includes a net decrease in capital assets (including additions and retirements) of \$456,452. Detailed information regarding the change in capital assets for Governmental and Business-type Activities is included in the Notes to the Financial Statements on page 32.

Debt Outstanding

The Village's long-term debt consists of revenue bonds issued in previous years. No debt was issued by the Village in 2012. Information relating to long-term debt can be found in the Notes to Financial Statements on pages 33-35.

Governmental Activities

General Government

As the name implies, the general government component of the Village has at its core those basic municipal services which are most often associated with local government: i.e. police department, public works, code enforcement, building and zoning and recreation. These services are supported primarily through those revenues received through real estate property tax, sales tax and other shared revenues received by the Village, including fees and other charges. To this extent they do not have a dedicated revenue stream or streams, but instead must rely on a limited or finite number of dollars available each year from which these programs and services must be funded.

Tax Increment Financing Districts (TIF)

The Village has established two Redevelopment Project Areas ("TIF Districts") pursuant to the Tax Increment Allocation Redevelopment Act, as amended (the "TIF Act"). The TIF Districts allow the Village to utilize the incremental property taxes and certain incremental sales taxes generated by the TIF Districts ("Incremental Taxes") to provide funds for a wide variety of capital improvements within the respective TIF Districts and other eligible costs allowed pursuant to the TIF Act which would otherwise potentially require utilization of other revenues of the Village or other capital financing options allowed by law. The Incremental Taxes have been used to fund street improvements, utility projects, land acquisition, grants for businesses operating or desiring to operate within the TIF Districts and to pay for various other eligible costs permitted by the TIF Act.

Business-type Activities

The Village of Bourbonnais' "Business-type Activities" are comprised of the Sewer Operating Fund, which supports the operation and maintenance of the sewer utilities and the Refuse Disposal Fund, which accounts for the Village's refuse disposal services. These funds continue to be well managed enterprises which allow the Village to provide these taxpayer services in an efficient and cost effective manner.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2012**

Economic Factors and Next Year's Budget and Rates

Despite economic conditions to the contrary, growth continues in Bourbonnais. During the fiscal year 2012, twelve permits were issued for new single family homes. This continues the positive growth pattern of the last seven years.

The Village infrastructure received needed upgrades and improvements. The Village undertook a large scale overlay program that was nearly four times the size of the most recent years efforts. In fiscal 2013 the Village will be issuing General Obligation bonds that will be used to retire the current Motor Fuel Tax General Obligation Bonds, retire the remaining Sewerage Refunding Revenue Bonds Series 2001 and provide money for certain large road projects in combination with the State and Federal government.

Various new businesses opened in the Village including Beggar's Pizza in the Triangle area. Riverside Medical Center has under construction a new Sleep Lab at the Burch Cancer Center location. Olivet Nazarene University broke ground on a \$30 million dollar Student Activity Center on its main campus

Property values have remained relatively stable in Bourbonnais and with the Village portion of the property tax levy currently at 5.5% of total property tax bill; management will continue to control expenses in order to continue to provide quality services to our residents.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, customers, taxpayers, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives and expends. If you have questions about this report or need additional financial information, please contact the Village of Bourbonnais Municipal Office, 700 Main Street NW, Bourbonnais, Illinois, 60914.

VILLAGE OF BOURBONNAIS
STATEMENT OF NET ASSETS
APRIL 30, 2012
(With Comparative Totals for April 30, 2011)

	<u>2012</u>			<u>2011</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,220,663	\$ 43,601	\$ 3,264,264	\$ 3,505,927
Investments	4,731,791	1,204,048	5,935,839	5,430,581
Receivables	2,964,158	370,153	3,334,311	2,778,378
Internal balances	615,685	(615,685)	-	-
Other assets	73,151	407,832	480,983	634,771
Total current assets	<u>11,605,448</u>	<u>1,409,949</u>	<u>13,015,397</u>	<u>12,349,657</u>
Noncurrent assets				
Capital assets, net of depreciation	18,364,093	8,398,019	26,762,112	27,218,564
Debt issuance costs, net	53,811	187,990	241,801	265,678
Investment in joint venture	-	5,202,813	5,202,813	5,283,559
Total noncurrent assets	<u>18,417,904</u>	<u>13,788,822</u>	<u>32,206,726</u>	<u>32,767,801</u>
Total Assets	<u>30,023,352</u>	<u>15,198,771</u>	<u>45,222,123</u>	<u>45,117,458</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	398,650	119,861	518,511	568,641
Accrued interest	29,148	77,803	106,951	120,554
Bonds payable	55,000	365,000	420,000	405,000
Capital lease payable	19,546	-	19,546	18,015
Total current liabilities	<u>502,344</u>	<u>562,664</u>	<u>1,065,008</u>	<u>1,112,210</u>
Noncurrent liabilities				
Bonds payable in more than one year	1,295,000	3,474,858	4,769,858	5,160,755
Capital lease payable	21,208	-	21,208	40,754
Accrued compensated absences	533,947	10,671	544,618	521,652
Total noncurrent liabilities	<u>1,850,155</u>	<u>3,485,529</u>	<u>5,335,684</u>	<u>5,723,161</u>
Total Liabilities	<u>2,352,499</u>	<u>4,048,193</u>	<u>6,400,692</u>	<u>6,835,371</u>
NET ASSETS				
Invested in capital assets, net of related debt	16,973,339	4,558,161	21,531,500	21,594,040
Restricted, Expendable	6,382,532	1,204,048	7,586,580	5,936,999
Unrestricted	4,314,982	5,388,369	9,703,351	10,751,048
Total Net Assets	<u>\$ 27,670,853</u>	<u>\$ 11,150,578</u>	<u>\$ 38,821,431</u>	<u>\$ 38,282,087</u>

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

**VILLAGE OF BOURBONNAIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2012
(With Comparative Totals for the year ended April 30, 2011)**

	2012						2011	
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type		
						Activities	Total	
Governmental activities								
General government	\$ 4,070,289	\$ 943,177	\$ -	\$ -	\$ (3,127,112)	\$ -	\$ (3,127,112)	\$ (2,873,011)
Public safety	3,213,778	174,916	84,909	-	(2,953,953)	-	(2,953,953)	(2,994,219)
Public works	1,478,848	-	-	-	(1,478,848)	-	(1,478,848)	(1,331,186)
Economic development	44,529	-	-	-	(44,529)	-	(44,529)	(78,906)
Culture and recreation	56,875	-	-	-	(56,875)	-	(56,875)	(101,217)
Interest on long-term debt	67,874	-	-	-	(67,874)	-	(67,874)	(71,196)
Total governmental activities	8,932,193	1,118,093	84,909	-	(7,729,191)	-	(7,729,191)	(7,449,735)
Business-type activities								
Sewer operations	2,976,466	2,788,477	-	322,526	-	134,537	134,537	1,045,362
Refuse disposal	1,079,310	1,038,337	-	-	-	(40,973)	(40,973)	1,155
Total business-type activities	4,055,776	3,826,814	-	322,526	-	93,564	93,564	1,046,517
Total primary government	<u>\$ 12,987,969</u>	<u>\$ 4,944,907</u>	<u>\$ 84,909</u>	<u>\$ 322,526</u>	<u>(7,729,191)</u>	<u>93,564</u>	<u>(7,635,627)</u>	<u>(6,403,218)</u>
General revenues:								
Property taxes, levied for general purposes					1,539,681	-	1,539,681	1,458,548
Franchise taxes					284,213	-	284,213	261,795
Income tax and other state tax revenue					5,949,605	-	5,949,605	5,185,709
Unrestricted investment earnings					48,695	5,628	54,323	76,390
Special items:								
Gain (loss) on sale of assets					7,972	-	7,972	20,716
Total general revenues and special items					<u>7,830,166</u>	<u>5,628</u>	<u>7,835,794</u>	<u>7,003,158</u>
CHANGE IN NET ASSETS					<u>100,975</u>	<u>99,192</u>	<u>200,167</u>	<u>599,940</u>
NET ASSETS, BEGINNING OF YEAR								
As previously reported					27,230,701	11,051,386	38,282,087	37,682,147
Prior period adjustment					339,177	-	339,177	-
As restated					<u>27,569,878</u>	<u>11,051,386</u>	<u>38,621,264</u>	<u>37,682,147</u>
NET ASSETS, END OF YEAR					<u>\$ 27,670,853</u>	<u>\$ 11,150,578</u>	<u>\$ 38,821,431</u>	<u>\$ 38,282,087</u>

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

**VILLAGE OF BOURBONNAIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2012
(With Comparative Totals for April 30, 2011)**

	2012					2011	
	General Fund	Special Tax	Motor Fuel	Motor Fuel	Impact Fees	Total	Total
		Fund	Allocation	Tax Fund	Tax Bond Fund	Fund	Governmental
						Funds	Funds
ASSETS							
Cash and cash equivalents	\$ 440,268	\$ 2,763,426	\$ -	\$ 2,703	\$ 14,266	\$ 3,220,663	\$ 3,185,733
Investments	2,925,342	1,437,461	368,988	-	-	4,731,791	4,240,453
Interest receivable	2,566	-	-	-	-	2,566	-
Due from other funds	778,092	1,071,254	686,431	-	656,589	3,192,366	1,910,539
Receivables from other governments	2,595,907	327,729	36,170	-	-	2,959,806	2,296,588
Other receivables	1,786	-	-	-	-	1,786	93,185
Prepaid expense	35,297	6,005	-	-	-	41,302	141,460
TOTAL ASSETS	\$ 6,779,258	\$ 5,605,875	\$ 1,091,589	\$ 2,703	\$ 670,855	\$ 14,150,280	\$ 11,867,958
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenses	\$ 209,804	\$ 4,926	\$ 55,838	\$ 6,238	\$ -	\$ 276,806	\$ 377,985
Salaries and benefits payable	121,844	-	-	-	-	121,844	76,582
Due to other funds	1,817,232	620,999	-	3,131	103,470	2,544,832	1,297,123
Deferred revenue	1,384,382	144,598	-	-	-	1,528,980	1,451,958
Total liabilities	3,533,262	770,523	55,838	9,369	103,470	4,472,462	3,203,648
FUND BALANCES							
Nonspendable	35,297	6,005	-	-	-	41,302	141,460
Restricted for:							
Economic development	342,623	4,829,347	-	-	-	5,171,970	4,417,714
Public safety	30,874	-	-	-	-	30,874	20,024
Street maintenance programs	-	-	1,035,751	-	-	1,035,751	343,990
Committed	-	-	-	-	567,385	567,385	557,173
Unassigned	2,837,202	-	-	(6,666)	-	2,830,536	3,183,949
Total fund balances	3,245,996	4,835,352	1,035,751	(6,666)	567,385	9,677,818	8,664,310
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,779,258	\$ 5,605,875	\$ 1,091,589	\$ 2,703	\$ 670,855	\$ 14,150,280	\$ 11,867,958

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

VILLAGE OF BOURBONNAIS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
AND THE STATEMENT OF NET ASSETS
APRIL 30, 2012
(With Comparative Totals for April 30, 2011)

	<u>2012</u>	<u>2011</u>
Adjustments necessary to convert the Governmental Funds Balance Sheet to the Statement of Net Assets are as follows:		
Governmental funds combined fund balance	\$ 9,677,818	\$ 8,664,310
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	18,364,093	19,057,285
Revenues deferred in the Governmental Fund Balance Sheet due to lack of availability to pay for current-period expenditures are recognized in the Statement of Net Assets.	1,528,980	1,451,958
Debt issuance costs related to the issuance of long-term debt are not reported in the Governmental Funds Balance Sheet, but are reported in the Statement of Net Assets.	53,811	56,801
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. All liabilities are reported in the Statements of Net Assets:		
Bonds payable	(1,350,000)	(1,400,000)
Capital lease payable	(40,754)	(58,769)
Interest payable	(29,148)	(29,903)
Compensated absences	<u>(533,947)</u>	<u>(510,981)</u>
Net Assets of Governmental Activities	<u>\$ 27,670,853</u>	<u>\$ 27,230,701</u>

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

VILLAGE OF BOURBONNAIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2012
(With Comparative Totals for the Year Ended April 30, 2011)

	2012					2011	
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund	Motor Fuel Tax Bond Fund	Impact Fees Fund	Total Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 1,382,107	\$ 80,552	\$ -	\$ -	\$ -	\$ 1,462,659	\$ 2,527,639
Franchise taxes	284,213	-	-	-	-	284,213	261,795
Fees, fines and permits	317,968	-	-	-	10,212	328,180	394,451
Licenses	8,825	-	-	-	-	8,825	30,275
Intergovernmental	3,663,631	1,639,014	475,542	-	-	5,778,187	5,109,127
Investment earnings	33,490	14,960	245	-	-	48,695	55,668
State, Federal and other reimbursements	38,210	-	856,563	-	-	894,773	313,502
Miscellaneous	781,088	-	-	-	-	781,088	373,485
Total revenues	<u>6,509,532</u>	<u>1,734,526</u>	<u>1,332,350</u>	<u>-</u>	<u>10,212</u>	<u>9,586,620</u>	<u>9,065,942</u>
EXPENDITURES							
General government	2,542,285	284,167	-	-	-	2,826,452	1,856,596
Public safety	3,190,812	-	-	-	-	3,190,812	3,269,252
Public works	976,769	520,094	-	-	-	1,496,863	1,347,789
Culture and recreation	56,875	-	-	-	-	56,875	101,217
Economic development	-	44,529	-	-	-	44,529	78,906
Debt Service							
Principal	-	-	50,000	-	-	50,000	50,000
Interest and other charges	-	-	68,629	-	-	68,629	70,441
Capital outlay	195,819	474,103	521,960	6,238	-	1,198,120	1,408,805
Total expenditures	<u>6,962,560</u>	<u>1,322,893</u>	<u>640,589</u>	<u>6,238</u>	<u>-</u>	<u>8,932,280</u>	<u>8,183,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(453,028)</u>	<u>411,633</u>	<u>691,761</u>	<u>(6,238)</u>	<u>10,212</u>	<u>654,340</u>	<u>882,936</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of assets	19,991	-	-	-	-	19,991	20,716
Total other financing sources (uses)	<u>19,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,991</u>	<u>20,716</u>
NET CHANGE IN FUND BALANCES	(433,037)	411,633	691,761	(6,238)	10,212	674,331	903,652
FUND BALANCES, BEGINNING OF YEAR							
As previously reported	3,339,856	4,423,719	343,990	(428)	557,173	8,664,310	7,760,658
Prior period adjustment	339,177	-	-	-	-	339,177	-
As restated	<u>3,679,033</u>	<u>4,423,719</u>	<u>343,990</u>	<u>(428)</u>	<u>557,173</u>	<u>9,003,487</u>	<u>7,760,658</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,245,996</u>	<u>\$ 4,835,352</u>	<u>\$ 1,035,751</u>	<u>\$ (6,666)</u>	<u>\$ 567,385</u>	<u>\$ 9,677,818</u>	<u>\$ 8,664,310</u>

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

VILLAGE OF BOURBONNAIS
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES
APRIL 30, 2012
(With Comparative Totals for April 30, 2011)

	2012	2011
Adjustments necessary to convert the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities are as follows:		
Combined Change in Fund Balances	\$ 674,331	\$ 903,652
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities capital outlay expenditures over the capitalization threshold set by the Village are capitalized and depreciated over their useful lives.	(693,192)	(382,879)
Revenues recognized in the Statement of Activities that do not provide current financial resources are deferred in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.	77,022	(1,069,091)
The following expenses reported on the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Amortization of bond issuance costs	(2,990)	(2,989)
(Increase) decrease in accrued compensated absences	(22,966)	18,160
(Increase) decrease in accrued interest on bonds payable	755	(755)
Repayment of capital lease obligations is reported as an expenditure in governmental funds. However, repayment of capital lease obligations reduces the capital lease payable in the government-wide financial statements.	18,015	16,603
Repayment of long-term debt is reported as an expenditure in governmental funds. However, repayment of long-term debt reduces long-term liabilities in the government-wide financial statements.	50,000	50,000
Change in Net Assets of Governmental Activities	\$ 100,975	\$ (467,299)

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

VILLAGE OF BOURBONNAIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
APRIL 30, 2012
(With Comparative Totals for April 30, 2011)

	<u>2012</u>			<u>2011</u>
	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>	
	<u>Operating</u>	<u>Disposal</u>	<u>Enterprise</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,507	\$ 36,094	\$ 43,601	\$ 320,194
Investments - restricted	1,204,048	-	1,204,048	1,190,128
Accounts receivable, net	354,914	12,970	367,884	377,990
Interest receivable	2,269	-	2,269	10,615
Prepaid expense	407,832	-	407,832	459,250
Due from other funds	<u>382,954</u>	<u>864,213</u>	<u>1,247,167</u>	<u>916,294</u>
Total current assets	<u>2,359,524</u>	<u>913,277</u>	<u>3,272,801</u>	<u>3,274,471</u>
Noncurrent assets				
Investment in joint venture	5,202,813	-	5,202,813	5,283,559
Capital assets, net	8,398,019	-	8,398,019	8,161,279
Debt issuance costs, net	<u>187,990</u>	<u>-</u>	<u>187,990</u>	<u>208,877</u>
Total noncurrent assets	<u>13,788,822</u>	<u>-</u>	<u>13,788,822</u>	<u>13,653,715</u>
 Total Assets	 <u>16,148,346</u>	 <u>913,277</u>	 <u>17,061,623</u>	 <u>16,928,186</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	114,371	114,371	104,996
Accrued payroll expenses	5,490	-	5,490	9,078
Due to other funds	1,007,201	855,651	1,862,852	1,495,649
Accrued interest	77,803	-	77,803	90,651
Bonds, notes, and loans payable	<u>365,000</u>	<u>-</u>	<u>365,000</u>	<u>355,000</u>
Total current liabilities	<u>1,455,494</u>	<u>970,022</u>	<u>2,425,516</u>	<u>2,055,374</u>
Noncurrent liabilities				
Accrued compensated absences	10,671	-	10,671	10,671
Bonds, notes, and loans payable	<u>3,474,858</u>	<u>-</u>	<u>3,474,858</u>	<u>3,810,755</u>
Total noncurrent liabilities	<u>3,485,529</u>	<u>-</u>	<u>3,485,529</u>	<u>3,821,426</u>
 Total Liabilities	 <u>4,941,023</u>	 <u>970,022</u>	 <u>5,911,045</u>	 <u>5,876,800</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,558,161	-	4,558,161	3,995,524
Restricted for bond retirement	553,619	-	553,619	630,028
Restricted for repairs and maintenance	650,429	-	650,429	560,100
Unrestricted	<u>5,445,114</u>	<u>(56,745)</u>	<u>5,388,369</u>	<u>5,865,734</u>
 Total Net Assets	 <u>\$ 11,207,323</u>	 <u>\$ (56,745)</u>	 <u>\$ 11,150,578</u>	 <u>\$ 11,051,386</u>

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

VILLAGE OF BOURBONNAIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2012
(With Comparative Totals for the Year Ended April 30, 2011)

	<u>2012</u>			<u>2011</u>
	<u>Enterprise Funds</u>			<u>Total</u> <u>Enterprise</u> <u>Funds</u>
	<u>Sewer</u> <u>Operating</u> <u>Fund</u>	<u>Refuse</u> <u>Disposal</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>	
OPERATING REVENUES				
Charges for services	\$ 2,716,011	\$ 1,033,871	\$ 3,749,882	\$ 3,522,859
Other operating revenue	<u>72,466</u>	<u>4,466</u>	<u>76,932</u>	<u>74,594</u>
Total operating revenues	<u>2,788,477</u>	<u>1,038,337</u>	<u>3,826,814</u>	<u>3,597,453</u>
OPERATING EXPENSES				
Personal services	676,626	-	676,626	637,346
Contractual services	1,564,293	1,078,877	2,643,170	2,193,821
Utilities	7,332	-	7,332	8,730
Repairs and maintenance	129,931	-	129,931	182,021
Other supplies and expenses	40,694	433	41,127	59,305
Depreciation	<u>239,507</u>	<u>-</u>	<u>239,507</u>	<u>230,241</u>
Total operating expenses	<u>2,658,383</u>	<u>1,079,310</u>	<u>3,737,693</u>	<u>3,311,464</u>
Operating income (loss)	<u>130,094</u>	<u>(40,973)</u>	<u>89,121</u>	<u>285,989</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	5,628	-	5,628	20,722
Recapture fees	-	-	-	3,211
Equity interest in joint venture operating income (loss)	(80,746)	-	(80,746)	1,020,087
Amortization	(20,888)	-	(20,888)	(39,558)
Interest expense	<u>(216,449)</u>	<u>-</u>	<u>(216,449)</u>	<u>(223,212)</u>
Total non-operating revenues (expenses)	<u>(312,455)</u>	<u>-</u>	<u>(312,455)</u>	<u>781,250</u>
Income (loss) before capital grants	(182,361)	(40,973)	(223,334)	1,067,239
CAPITAL GRANTS	<u>322,526</u>	<u>-</u>	<u>322,526</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>140,165</u>	<u>(40,973)</u>	<u>99,192</u>	<u>1,067,239</u>
NET ASSETS, BEGINNING OF YEAR	<u>11,067,158</u>	<u>(15,772)</u>	<u>11,051,386</u>	<u>9,984,147</u>
NET ASSETS, END OF YEAR	<u>\$ 11,207,323</u>	<u>\$ (56,745)</u>	<u>\$ 11,150,578</u>	<u>\$ 11,051,386</u>

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

VILLAGE OF BOURBONNAIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2012
(With Comparative Totals for the Year Ended April 30, 2011)

	<u>2012</u>			<u>2011</u>
	<u>Enterprise Funds</u>			<u>Total Enterprise Funds</u>
	<u>Sewer Operating Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,721,853	\$ 1,038,135	\$ 3,759,988	\$ 3,655,848
Other receipts	72,466	4,466	76,932	31,265
Payments to suppliers	(1,713,474)	(1,047,293)	(2,760,767)	(2,414,386)
Payments to employees	(680,214)	-	(680,214)	(632,660)
Net cash provided by (used in) operating activities	<u>400,631</u>	<u>(4,692)</u>	<u>395,939</u>	<u>640,067</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments from (to) other funds, net	<u>249,814</u>	<u>(213,484)</u>	<u>36,330</u>	<u>142,826</u>
Net cash provided by (used in) noncapital financing activities	<u>249,814</u>	<u>(213,484)</u>	<u>36,330</u>	<u>142,826</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(476,247)	-	(476,247)	(177,027)
Principal paid on capital debt	(355,000)	-	(355,000)	(330,000)
Interest paid on capital debt	(200,194)	-	(200,194)	(191,667)
Proceeds from capital grants	<u>322,526</u>	<u>-</u>	<u>322,526</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(708,915)</u>	<u>-</u>	<u>(708,915)</u>	<u>(698,694)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale or maturity of investments	323,323	-	323,323	-
Interest received	13,974	-	13,974	20,409
Purchases of investments	<u>(337,244)</u>	<u>-</u>	<u>(337,244)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>53</u>	<u>-</u>	<u>53</u>	<u>20,409</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(58,417)	(218,176)	(276,593)	104,608
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>65,924</u>	<u>254,270</u>	<u>320,194</u>	<u>215,586</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,507</u>	<u>\$ 36,094</u>	<u>\$ 43,601</u>	<u>\$ 320,194</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 130,094	\$ (40,973)	\$ 89,121	\$ 285,989
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation expense	239,507	-	239,507	230,241
Changes in assets and liabilities				
Accounts receivable, net	5,842	4,264	10,106	113,393
Prepaid expense	51,418	-	51,418	(99,238)
Accounts payable	(22,642)	32,017	9,375	104,996
Accrued payroll expenses	(3,588)	-	(3,588)	5,225
Accrued compensated absences	-	-	-	(539)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 400,631</u>	<u>\$ (4,692)</u>	<u>\$ 395,939</u>	<u>\$ 640,067</u>
NON-CASH ITEMS:				
Increase (Decrease) in investment in joint venture	<u>\$ (80,746)</u>	<u>\$ -</u>	<u>\$ (80,746)</u>	<u>\$ 1,020,087</u>

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

**VILLAGE OF BOURBONNAIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
APRIL 30, 2012**

	Pension (and other employee benefit)		Agency Funds	
	Trust Funds			
	Police	Deferred	Building	
	Pension	Compensation	Escrow	Community
	Fund	Plan	Fund	Fund
ASSETS				
Cash and cash equivalents	\$ 748,193	\$ -	\$ 17,294	\$ 7,127
Interest receivable	14,632	-	-	-
Other receivables	-	-	28,738	-
Investments, at fair value				
Certificates of deposit	161,043	-	-	-
Mortgage and asset backed securities	4,053,842	-	-	-
U.S. Government Bonds and GSE Bonds	1,077,168	-	-	-
Mutual funds	3,336,301	-	-	-
Investment contract with insurance company	-	1,119,530		
Prepaid benefits	28,898	-	-	-
	<u>9,420,077</u>	<u>1,119,530</u>	<u>46,032</u>	<u>7,127</u>
Total Assets				
LIABILITIES				
Accounts payable	3,859	-	280	-
Due to other related entities	-	-	31,849	-
Refunds payable and other liabilities	-	-	13,903	7,127
	<u>3,859</u>	<u>-</u>	<u>46,032</u>	<u>7,127</u>
Total Liabilities				
NET ASSETS				
Net assets held in trust for pension benefits and other purposes	<u>\$ 9,416,218</u>	<u>\$ 1,119,530</u>	<u>\$ -</u>	<u>\$ -</u>

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

**VILLAGE OF BOURBONNAIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2012**

	Pension (and other employee benefit) Trust Funds	
	Police Pension Fund	Deferred Compensation Plan
	<u> </u>	<u> </u>
ADDITIONS		
Contributions		
Employer	\$ 355,000	\$ -
Plan members	<u>149,613</u>	<u>56,332</u>
Total contributions	<u>504,613</u>	<u>56,332</u>
Investment income		
Net increase (decrease) in fair value of investments	113,545	-
Interest	223,603	6,855
Dividends	<u>38,675</u>	<u>-</u>
	375,823	6,855
Less investment expenses	<u>3,269</u>	<u>-</u>
Net investment income (loss)	<u>372,554</u>	<u>6,855</u>
Total additions (reductions)	<u>877,167</u>	<u>63,187</u>
DEDUCTIONS		
Administrative expenses	10,622	6,374
Benefits paid to participants	438,763	-
Refund of contributions	<u>43,528</u>	<u>62,093</u>
Total deductions	<u>492,913</u>	<u>68,467</u>
NET INCREASE (DECREASE)	384,254	(5,280)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES		
BEGINNING OF YEAR	<u>9,031,964</u>	<u>1,124,810</u>
END OF YEAR	<u>\$ 9,416,218</u>	<u>\$ 1,119,530</u>

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

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Village of Bourbonnais (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as established by the Governmental Accounting Standards Board (“GASB”).

Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board, and either (a) the ability by the primary government to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government.

Based upon the required criteria, the Village has no component units. The accompanying basic financial statements present only the Village of Bourbonnais, Illinois.

Basis of Presentation

The financial activities of the Village consist of both governmental-type activities and business-type activities. A brief description of the Village's government-wide and fund financial statements is as follows:

Government-wide Financial Statements: The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the Village, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) fines, fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not included in program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Village's funds, including its fiduciary funds. Separate statements are presented for each fund category, governmental, proprietary and fiduciary. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. For the year ended April 30, 2012, the Village has reported all funds as major.

Major Funds

The Village has presented the following governmental funds as major:

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

Special Tax Allocation Fund – The Special Tax Allocation Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for special purposes. The Special Tax Allocation Fund includes the transactions of the Village's two tax increment financing districts.

Motor Fuel Tax Fund – This fund accounts for motor fuel taxes received by the Village. These taxes are restricted for uses approved by the Illinois Department of Transportation.

Motor Fuel Tax Bond Fund – This fund accounts for debt service expenditures related to revenue bonds issued by the Village under the Motor Fuel Tax Fund. Amounts in this fund are restricted by the bond indenture for debt service.

Impact Fees Fund – This fund accounts for impact fees collected from developers as a result of Village ordinance. These funds are committed for capital development projects.

The Village has presented the following proprietary funds as major:

Sewer Operating Fund – This fund accounts for the Village's sewer and solid waste operations.

Refuse Disposal Fund – This fund accounts for the Village's refuse disposal operations.

Other Funds

Additionally, the Village reports the following fiduciary-type funds:

Pension (and other employee benefit) Trust Funds - These funds account for the accumulation of retirement and disability benefits held in trust for the police pension plan and the Village's deferred compensation plan. See Note 7 for a description of each plan.

Building Escrow Agency Fund - This agency-type fund accounts for the accumulation of fees assessed to contractors arising from residential development held by the Village in a purely custodial capacity. These fees will either be used to pay expenses related to the development incurred on behalf of the contractor or they will be refunded to the contractor.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Community Agency Fund - This agency-type fund accounts for accumulated donations received from individuals and businesses which are then redistributed to charitable organizations. These funds are held by the Village in a purely custodial capacity.

Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village receives value without directly giving equal value in exchange, include property tax revenue, grants and other contributions. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, property taxes levied for the calendar year 2011, which will be collected in fiscal year ended April 30, 2013, are recorded as receivables and recognized in the year ended April 30, 2012. This revenue is recognized in the government-wide level financial statements, but is deferred in the governmental funds financial statements because it is not collected soon enough after the end of the year to pay current liabilities.

Revenue from grants, contributions, and other similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Village must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Village on a reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services which include sewer and solid waste charges and charges for refuse disposal. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

The Village has adopted Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus* during the year ended April 30, 2012. The Village will be required to implement GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during the fiscal year ended April 30, 2013.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the Village has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collectible within sixty days after the end of the fiscal year. Expenditures generally are recorded when the related liability is incurred. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, income taxes, utility taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent that they are measurable and available. Service fees are recognized as revenues as they are earned.

Property taxes receivable which are expected to be collected within sixty days are considered available and are recognized as revenue. Sales, income and other taxes are considered to be measurable when they have been collected by the state or other collection agent and are recognized as revenue at that time. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned because they are both measurable and available.

The Village reports certain revenues as deferred on its financial statements. Deferred revenues arise when potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred revenues also arise when the resources are received by the Village before it has a legal claim to them or prior to the provision of services.

Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Budgets and Budgetary Accounting

The Village adopts annual budgets for the General Fund and Special Revenue Funds. No legally adopted budgets are prepared for capital project funds. Expenditures for capital project funds are controlled on a project basis. No adjustments were necessary in order to reconcile the budgetary information to the GAAP information presented in the Village's basic financial statements.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following funds had an excess of expenditures/expenses over budgeted amounts for the year ended April 30, 2012:

<u>Fund</u>	<u>Excess</u>
General Fund	\$ 788,654
Motor Fuel Tax Fund	\$ 112,357

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments include certificates of deposit with maturities in excess of 90 days at the time of acquisition. Investments for the Bourbonnais Police Pension Fund are reported at fair value, determined by closing market prices at year-end as reported by the investment custodian.

Interfund Transactions

The Village has the following types of interfund transactions:

Loans - Amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Reimbursements - Repayments from funds responsible for certain expenditures or expenses made to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - Flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Prepaid Expense

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets – Enterprise Fund

Certain cash and investments in the Sewer Operating Fund are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds. These assets are reflected as restricted investments and restrictions of net assets in the Proprietary Fund Statement of Net Assets.

Capital Assets

Capital assets includes land, buildings, improvements, equipment, and infrastructure assets, purchased or acquired which are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

In accordance with GASB Statement No. 34, infrastructure assets are reported prospectively from the date of implementation and therefore infrastructure assets acquired prior to May 1, 2004 have not been recorded in the Village's basic financial statements.

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

	<u>Useful Life</u>	<u>Threshold</u>
Buildings and improvements	20-50 years	\$ 10,000
Land	N/A	\$ 100,000
Land improvements	10-30 years	\$ 10,000
Equipment	2-20 years	\$ 5,000
Water and sewer lines	33-100 years	\$ 10,000
Streets and improvements	25 years	\$ 100,000
Intangible assets	2-20 years	\$ 5,000

Long-Term Debt, Bond Premiums, Discounts and Issuance Costs

In the government-wide and proprietary fund financial statements, outstanding debts are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated vacation and sick leave balances for Village employees. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Village employees are entitled to certain compensated absences based on their length of employment. The liability has been calculated using the employees' current salary level and includes salary related cost (e.g. FICA and Medicare Tax).

Governmental Fund Balances

Fund Balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet:

Nonspendable Fund Balance – the portion of a Governmental Fund's net assets that are not available to be spent, either short term or long term, in either form or through legal restrictions. Amounts reported as nonspendable include prepaid expenses.

Restricted Fund Balance – the portion of the Governmental Fund's net assets that are subject to external enforceable legal restrictions. Amounts reported as restricted include fund balances that are restricted for economic development and public safety.

Committed Fund Balance – the portion of a Governmental Fund's net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making. Amounts reported as committed include impact fees collected as a result of a Village ordinance which requires these fees to be used for capital development. These fees may only be modified or rescinded by an action of the Village Board.

Assigned Fund Balance – the portion of a Governmental Fund's net assets denoted for an intended use of the resources. The Village has no assigned fund balances.

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose.

It is the Village's policy to first spend restricted funds if restricted funds are available. Additionally, if different levels of unrestricted funds are available for spending, the Village considers committed funds to be expended first, followed by assigned and then unassigned.

Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Village's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Deficit Fund Balances/Net Assets

The following funds had a deficit fund balance/net assets for the year ended April 30, 2012:

<u>Fund</u>	<u>Deficit</u>
Motor Fuel Tax Bond Fund	\$ 6,666
Refuse Disposal Fund	\$ 56,745

Property Taxes

Property taxes are levied annually on all taxable real property located in the Village. The Village must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the Kankakee County Collector/Treasurer who remits to the Village its share of the collection. Taxes levied for calendar year 2011 were due, payable, and collected in two installments in June and September of 2012. The Village normally receives these taxes in July, August, September, October and November.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2011 financial statement amounts in order to conform with the 2012 financial statement presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

Statutes authorize the Village to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements (meeting certain statutory requirements), certain rated instruments of commercial paper and Illinois State Treasurer's investment pool (Illinois Funds). Similar investments are permitted for the Police Pension trust funds, which is governed by the Illinois Pension Code. The Bourbonnais Police Pension Fund, under the direction of a separate Board of Trustees, contractually delegates investment oversight to investment managers.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

The Village's and the Bourbonnais Police Pension Fund's investment policies require all uninsured deposits with financial institutions to be fully collateralized with the collateral held by an independent third party acting as the Village's agent and held in the name of the Village and pension trust fund, respectively.

A reconciliation of deposits and investments presented in this disclosure and the financial statement captions shown on the government-wide Statement of Net Assets is as follows:

Carrying amount of Deposits	\$ 8,820,562
Carrying amount of Investments	379,541
Total	<u>\$ 9,200,103</u>

Cash and Cash Equivalents	\$ 3,264,264
Investments	5,935,839
Total	<u>\$ 9,200,103</u>

Deposits

At April 30, 2012, the carrying amount of the Village's deposits with financial institutions for governmental and business-type activities was \$8,820,562 and the bank balance was \$8,079,576. These amounts represent cash in banks and certificates of deposit.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, deposits may not be returned. At April 30, 2012, all deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pledged collateral.

At April 30, 2012, the carrying amount of deposits of fiduciary activities was \$618,919 and the bank balance was \$634,850. At certain times during the fiscal year, bank balances exceeded FDIC limits. Uncollateralized deposits not covered by FDIC insurance as of April 30, 2012 totaled \$344,418.

Investments

At April 30, 2012, the carrying amount (and market value) of the Village's investments for governmental and business-type activities was \$379,541. These amounts represent investments in Illinois Funds, a pooled investment fund.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a custodian failure, investment principal may not be returned. The Illinois Funds are arranged and contracted by the Treasurer of the State of Illinois and collateralized as required by that contract. Illinois Funds was rated AAAM by Standard and Poor's as of April 30, 2012.

Interest Rate Risk – Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investments value. The Village has not adopted a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Police Pension Fund (Fund)

The Fund manages its investments in accordance with the regulations prescribed by the Illinois Pension Code. Investments at April 30, 2012 consisted of the following managed funds:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>No Maturity Date</u>	<u>Less Than 1</u>	<u>1-10</u>	<u>Over 10</u>
Mortgage and Asset Backed securities	\$ 4,053,842	\$ -	\$ -	\$ -	\$ 4,053,842
U.S. Government Bonds and GSE Bonds	1,077,168	-	-	1,077,168	-
Mutual Funds	3,336,301	3,336,301	-	-	-
Money Market	314,738	314,738	-	-	-
Total	<u>\$8,782,049</u>	<u>\$3,651,039</u>	<u>\$ -</u>	<u>\$1,077,168</u>	<u>\$4,053,842</u>

The Fund's investments at April 30, 2012 include uninsured and unregistered investments for which the securities are held by the broker's, dealer's trust department or agent in the Fund's name.

Credit Risk: Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of April 30, 2012, the Fund held the following investments which have been rated.

<u>Investment Type</u>	<u>Standard & Poor's Rating</u>	<u>2012 Fair Market Value</u>
U.S. Treasury Strips	Not Rated	\$ 1,077,168
FNMA Mortgage and Asset Backed Securities	Not Rated	842,983
GNMA Mortgage and Asset Backed Securities	*	2,885,320
FHLMC Mortgage and Asset Backed Securities	AA+	<u>325,539</u>
Total		<u>\$ 5,131,010</u>

* Guaranteed by the full faith and credit of the United States Government.

Concentration of Credit Risk: As of April 30, 2012 more than five percent of the Fund's investments are in the Government National Mortgage Association and the Federal National Mortgage Association.

Interest Rate Risk: Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's value. The Fund has not adopted a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

The Fund invests in mortgage backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

Foreign currency risk: The Fund's exposure to foreign currency risk (valued in U.S. dollars) is as follows as of April 30, 2012:

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>
Europacific Growth Fund	Various	N/A	<u>\$ 555,170</u>
Total			<u><u>\$ 555,170</u></u>

The Fund has not adopted a formal policy that limits the Fund's exposure to foreign currency risk.

NOTE 3 – RECEIVABLES

A summary of receivables as of April 30, 2012 is as follows:

	<u>Total</u> <u>Receivable</u>	<u>Allowance for</u> <u>Doubtful Accounts</u>	<u>Net</u> <u>Receivable</u>
Governmental Activities:			
Taxes receivable	\$ 2,959,806	\$ -	\$ 2,959,806
Other receivables	52,616	50,830	1,786
Interest receivable	2,566	-	2,566
Business-Type Activities:			
Sewer services	315,958	21,400	294,558
Refuse disposal services	29,800	16,830	12,970
Other receivables	60,356	-	60,356
Interest receivable	2,269	-	2,269
Total	<u>\$ 3,423,371</u>	<u>\$ 89,060</u>	<u>\$ 3,334,311</u>

Taxes receivable include amounts due from the County of Kankakee and the State of Illinois for property and sales and income tax collected on behalf of the Village of Bourbonnais. For receivables other than sewer services receivable and refuse disposal services receivable, the Village believes these amounts are fully collectible and therefore no allowance for doubtful accounts has been established.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012, was as follows:

	Balance May 1, 2011	Additions	Retirements	Transfers	Balance April 30, 2012
Governmental activities:					
Land, non-depreciable	\$ 2,686,092	\$ 165,859	\$ -	\$ -	\$ 2,851,951
Land improvements	8,923,304	114,146	-	-	9,037,450
Buildings and improvements	7,992,588	101,466	-	102,749	8,196,803
Construction in progress	102,749	-	-	(102,749)	-
Equipment	5,880,100	11,380	(56,040)	-	5,835,440
Streets and improvements	8,348,732	24,842	-	-	8,373,574
Total general fixed assets	33,933,565	417,693	(56,040)	-	34,295,218
Less accumulated depreciation	14,876,280	1,098,866	(44,021)	-	15,931,125
Governmental activities, capital assets, net	<u>\$ 19,057,285</u>				<u>\$ 18,364,093</u>
Business-type activities:					
Land and improvements	\$ 10,015,631	\$ 119,614	\$ -	\$ 91,908	\$ 10,227,153
Buildings and improvements	250,000	-	-	-	250,000
Construction in progress	91,908	345,272	-	(91,908)	345,272
Equipment	422,768	11,361	-	-	434,129
Total proprietary fixed assets	10,780,307	476,247	-	-	11,256,554
Less accumulated depreciation	2,619,028	239,507	-	-	2,858,535
Business-type activities, capital assets, net	<u>\$ 8,161,279</u>				<u>\$ 8,398,019</u>
Total capital assets, net of depreciation	<u>\$ 27,218,564</u>				<u>\$ 26,762,112</u>

NOTE 5 – INTERFUND BALANCES AND ACTIVITY

Balances Due to/from Other Funds

Balances due to/from other funds at April 30, 2012, consist of the following:

Due from other funds, Governmental Funds	<u>\$ 615,685</u>
Due to other funds, Proprietary Funds	<u>\$ 615,685</u>

These balances resulted from the time lag between the dates that 1) reimbursable expenditures occurred, 2) transactions were recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid within one year.

Transfers to/from Other Funds

There were no transfers to/from other funds during the year ended April 30, 2012.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 6 – LONG-TERM OBLIGATIONS

Bonds have been issued to provide funds for redevelopment projects, motor fuel tax fund projects and for sewer projects.

Long-term debt issued and outstanding as of April 30, 2012 is comprised of the following:

\$6,525,000 Sewerage Refunding Revenue Bonds, Series 2001 due in annual installments of \$230,000 to \$525,000 through December 1, 2020 with interest at 4.07% to 5.75%, payable semiannually.

\$1,655,000 General Obligation Bonds (Motor Fuel Taxes Alternative Revenue source), Series 2003 due in annual installments of \$45,000 to \$115,000 through December 1, 2028 with interest at 2.5% to 5.25%, payable semiannually.

\$2,710,000 Sewerage Refunding Revenue Bonds, Series 2006 due in annual installments of \$30,000 to \$305,000 through December 1, 2020 with interest at 3.45% to 4.125%, payable semiannually.

Advance Refunding of Debt

In prior years, the Village defeased a portion of the Sewerage Revenue Refunding Bonds (Series 2001) by placing the proceeds of a new bond issue in escrow to provide for future debt service payments on the issue. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the Village's financial statements. At April 30, 2012, \$2,220,000 of defeased bonds were remaining to be extinguished.

Debt Service Coverage Ratio

The Village is required by bond covenants of the Sewerage Refunding Revenue Bonds, Series 2006 to charge fees sufficient in order to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2012, the debt service coverage ratio was 1.01. In January of 2012 the Village conducted a rate study and increased fees in order to address this issue.

Conduit Debt

In July 2007, the Village issued \$45,000,000 in industrial project revenue bonds for the express purpose of providing capital financing to Olivet Nazarene University. At April 30, 2012, the conduit debt obligation outstanding was \$43,370,000. The Village has no obligation for this debt.

In July 2010, the Village issued \$35,000,000 in industrial project revenue bonds for the express purpose of providing capital financing to Olivet Nazarene University. At April 30, 2012, the conduit debt obligation outstanding was \$34,630,000. The Village has no obligation for this debt.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Changes in long-term obligations for the year ended April 30, 2012 are as follows:

	<u>May 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>April 30, 2012</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable:					
Motor Fuel Tax General Obligation Bonds, (Series 2003)	1,400,000	-	(50,000)	1,350,000	55,000
Total bonds payable	1,400,000	-	(50,000)	1,350,000	55,000
Compensated absences	510,981	22,966	-	533,947	-
Total long-term debt	<u>\$ 1,910,981</u>	<u>\$ 22,966</u>	<u>\$ (50,000)</u>	<u>\$ 1,883,947</u>	<u>\$ 55,000</u>
Business-type activities:					
Bonds Payable:					
Sewerage Refunding Revenue Bonds (2001)	\$ 1,730,000	\$ -	\$ (135,000)	\$ 1,595,000	\$ 140,000
Sewerage Refunding Revenue Bonds (2006)	2,600,000	-	(220,000)	2,380,000	225,000
Unamortized loss on refunding	(164,245)	-	29,103	(135,142)	-
Total bonds payable	4,165,755	-	(325,897)	3,839,858	365,000
Compensated absences	10,671	-	-	10,671	-
Total long-term debt	<u>\$ 4,176,426</u>	<u>\$ -</u>	<u>\$ (325,897)</u>	<u>\$ 3,850,529</u>	<u>\$ 365,000</u>

Debt Service Requirements

Debt service requirements on bonds outstanding at April 30, 2012 are as follows:

<u>Year ending April 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 55,000	\$ 66,331	\$ 365,000	\$ 184,271
2014	55,000	64,338	385,000	168,316
2015	55,000	62,344	400,000	150,996
2016	60,000	59,594	420,000	132,796
2017	65,000	56,594	440,000	113,619
2018-2022	360,000	231,932	1,965,000	239,141
2023-2027	475,000	127,744	-	-
2028-2031	225,000	16,575	-	-
	<u>\$ 1,350,000</u>	<u>\$ 685,452</u>	<u>\$ 3,975,000</u>	<u>\$ 989,139</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Legal Debt Margin

According to Illinois statutes, the legal debt limit is 8.625% of assessed valuation. The following is the legal debt margin calculation for the year ending April 30, 2012.

Assessed valuation - 2011 levy year	\$ 335,201,415
Tax Increment Financing Districts	<u>(583,049)</u>
Assessed valuation, net of abatements	<u>\$ 334,618,366</u>
Statutory debt limit - 8.625% of assessed valuation	<u>\$ 28,860,834</u>
Total debt:	
Motor Fuel Tax General Obligation Bonds (Series 2003)	\$ 1,350,000
Total debt	<u>\$ 1,350,000</u>
Legal debt margin	<u>\$ 27,510,834</u>

NOTE 7 – PENSION PLANS

Defined Contribution Plan

In accordance with the Internal Revenue Code Section 457, the Village sponsors a defined contribution plan for which employees may elect to have contributions withheld from their gross wages and deposited into the plan on their behalf. The Village has contracted Nationwide Retirement Solutions to administer the plan and has no oversight or control over funds deposited into the plan by employees. Employees manage and invest funds held in their own accounts. There is no matching requirement by the Village for this plan.

Defined Benefit Pension Plan

Plan Description - The Village of Bourbonnais, Illinois' defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The 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 supplemental information. That report may be obtained on-line at www.imrf.org.

Funding Policy - As set by statute, Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 13.07 percent. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 7 – PENSION PLANS (continued)

Annual Pension Cost - For the year ended April 30, 2012, the Village's annual pension cost of \$238,069 for the Regular Plan was equal to the Village's required and actual contributions.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2012	\$ 238,069	100%	\$ -
4/30/2011	\$ 268,471	100%	\$ -
4/30/2010	\$ 230,582	100%	\$ -

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% 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 employer Regular plan assets was determined using techniques that spread the effects of short term volatility in the market value of investments over a five year period with a 20% corridor between the actuarial and market value of assets. The Village's plan's unfunded actuarial accrued liability at December 31, 2009 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, 2011, the most recent actuarial valuation date, the Regular plan was 62.86 percent funded. The actuarial accrued liability for benefits was \$4,918,906 and the actuarial value of assets was \$3,091,917, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,826,989. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$1,887,795 and the ratio of the UAAL to the covered payroll was 97 percent.

The schedule of funding progress, presented as Required Supplementary Information 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.

Police Pension Plan

Plan Description - The Bourbonnais Police Pension Fund is a single-employer defined benefit pension plan that covers the full-time police officers of the Village of Bourbonnais. It was created and is administered as prescribed by "Article 3, Police Pension Fund - Municipalities 500,000 and Under" of the Illinois Pension Code (40 Illinois Compiled statutes, 5, Article 3). The Bourbonnais Police Pension Fund issued a separate financial report dated November 13, 2012. A copy of that report may be obtained by contacting the Village of Bourbonnais.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 7 – PENSION PLANS (continued)

Summary of Significant Accounting Policies - The Bourbonnais Police Pension Fund financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value based upon quoted market prices. Cash deposits are reported at carrying amounts which reasonably estimates fair value.

Annual Pension Cost and Net Pension Obligation - For fiscal year 2012, the Village's pension cost was \$404,441 for the Police Pension Plan. The Police Pension Plan did not obtain an actuarial valuation during fiscal year 2012 and therefore was unable to determine the Village's required contribution.

Three-Year Trend Information for the Police Pension Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2012	\$ 404,441	Unknown	Unknown
4/30/2011	\$ 389,722	100%	\$ -
4/30/2010	\$ 366,956	100%	\$ -

Funded Status and Funding Progress - As of April 30, 2010, the most recent actuarial valuation date, the police pension plan was 73.47 percent funded. The actuarial accrued liability for benefits was \$11,037,178 and the actuarial value of assets was \$8,109,407, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,927,771. The covered payroll (annual payroll of active employees covered by the plan) was \$1,580,364 and the ratio of the UAAL to the covered payroll was 185.26 percent.

A schedule of funding progress, presented in the Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - In the April 30, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included (a) 7.0 percent investment rate of return and (b) projected salary increases of 5.5 percent per year. Both (a) and (b) included a cost of living adjustment of 3.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments. The remaining amortization period at April 30, 2010 was approximately 23 years.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits as described in Note 7, the Village provides post-employment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activities of the plan are reported in the Village's General Fund.

Benefits Provided

The Village offers post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans or meet COBRA requirements, except for the Public Works union employees, who are covered under the union's insurance plan.

All health care benefits are provided through the Village's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; and prescriptions. Eligibility in the Village sponsored health care plan is not discontinued upon eligibility for federally sponsored health care benefits. The retirees may continue on the Village's health plan as a supplement to other plans for which the retirees are eligible.

Membership

At April 30, 2012, membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	-
Active vested plan members	54
Active nonvested plan members	<u>-</u>
Total	<u>57</u>

Funding Policy

The Village negotiates the contribution percentages between the Village and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the current members via the insured plan (pay as you go) which results in an implicit subsidy to the Village as defined by the GASB Statement No. 45. For the fiscal year ending April 30, 2012, the Village contributed \$5,336 toward the implicit subsidy. The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Annual OPEB Costs and Net OPEB Obligation

The Village performed a valuation for the plan as of April 30, 2012 using actuarial software to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2012. The Village's annual OPEB cost (expense) of \$35,612 was equal to the ARC for the fiscal year ended April 30, 2012. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for April 30, 2012 were as follows:

Year Ending April 30,	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 35,612	\$ 5,336	15.0%	\$ 98,904
2011	\$ 36,698	\$ 4,568	12.4%	\$ 68,628
2010	\$ 67,813	\$ 31,315	46.2%	\$ 36,498

The net OPEB obligation as of April 30, 2012, was calculated as follows:

Annual required contribution	\$ 36,698
Interest on net OPEB obligation	1,544
Adjustment to annual required contribution	<u>(2,630)</u>
Annual OPEB cost	35,612
Age adjusted contributions made	<u>(5,336)</u>
Change in net OPEB obligation	30,276
Net OPEB obligation, beginning of year	<u>68,628</u>
Net OPEB obligation, end of year	<u><u>\$ 98,904</u></u>

Funded Status and Funding Progress

The Funded status of the plan as of April 30, 2012 was as follows:

Actuarial accrued liability (AAL)	\$ 1,236,110
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 1,236,110</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 3,750,633
UAAL as a percentage of covered payroll	32.96%

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Actuarial Methods and Assumptions

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

In the April 30, 2012 valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate starting at 7.5% initially and 4.7% ultimately. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Village has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2012, was 27 years.

NOTE 9 – FIDUCIARY FUNDS

In 1995 the Village established a Community Fund which received donations from taxpayers to be used for Youth Groups and Senior Citizens' programs. The balance in this fund at April 30, 2012 was \$7,127. The Village also has a Building Escrow Fund which accounts for the accumulation of fees assessed to contractors arising from residential development. These fees will either be used to pay expenses related to the development incurred on behalf of the contractor or they will be refunded to the contractor. The balance in this fund at April 30, 2012 was \$13,903.

NOTE 10 – REDEVELOPMENT CONTRACTS

The Village has a series of redevelopment contracts connected with its Tax Increment Financing District. These contracts are set up to refund a portion of sales tax and/or property taxes to the businesses. Monetary maximums and time limitations are set forth for each reimbursement agreement.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 11 – RISK MANAGEMENT

The Village, through membership in the Illinois Municipal League Risk Management Association, insures all major areas of risk. This insurance program combines elements of self-insurance (at the Association level) with pure insurance. Member contributions are based on the loss experience of the Village and that of the Association as a whole.

The Village's cost is based on rates determined by the Trustees of the Fund. Members of the Fund may also be subject to additional contributions not to exceed 10 percent of such member's contribution for the most recent fiscal year of the Fund if additional reserves are deemed necessary by the Fund's trustees. Assessments, if any, for the Fund fiscal year ended April 30, 2012 are not determinable.

NOTE 12 – CAPITAL LEASE OBLIGATIONS

The Village leases equipment with an original cost of \$90,675 and accumulated depreciation of \$40,804 under a capital lease arrangement at April 30, 2012. Future minimum lease payments at April 30, 2012 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 23,010
2014	<u>23,010</u>
Total minimum lease payments	46,020
Less: amounts representing interest	<u>5,266</u>
Present value of minimum lease payments	<u>\$ 40,754</u>

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 13 – SEGMENT INFORMATION

The Village has an enterprise fund to account for sewer services provided to residents. The revenue stream of this fund is pledged to support the debt service of the Sewerage Refunding Revenue Bonds. Segment information for the year ended April 30, 2012 is as follows:

<u>Condensed Statement of Net Assets:</u>	<u>Sewer Operating Fund</u>
Assets	
Current assets	\$ 1,976,570
Due from other funds	382,954
Capital assets	8,586,009
Other assets	<u>5,202,813</u>
Total assets	<u>16,148,346</u>
Liabilities	
Current liabilities	448,293
Due to other funds	1,007,201
Long-term liabilities	<u>3,485,529</u>
Total Liabilities	<u>4,941,023</u>
Net Assets	
Invested in capital assets, net of related debt	4,558,161
Restricted	1,204,048
Unrestricted	<u>5,445,114</u>
	<u>\$ 11,207,323</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 13 – SEGMENT INFORMATION (continued)

<u>Condensed Statement of Revenues, Expenses and Changes in Fund Net Assets:</u>	<u>Sewer Operating Fund</u>
Operating revenues	\$ 2,788,477
Operating expenses	(2,418,876)
Depreciation	<u>(239,507)</u>
Operating income (loss)	130,094
Non-operating revenues (expenses)	<u>(312,455)</u>
Income before capital grants	(182,361)
Capital grants	<u>322,526</u>
Change in net assets	140,165
Beginning net assets	<u>11,067,158</u>
Ending net assets	<u>\$ 11,207,323</u>
<u>Condensed Statement of Cash Flows:</u>	
Net cash provided (used) by:	
Operating activities	\$ 400,631
Noncapital financing activities	249,814
Capital and related financing activities	(708,915)
Investing activities	<u>53</u>
Net increase (decrease) in cash and cash equivalents	(58,417)
Beginning cash and cash equivalents	<u>65,924</u>
Ending cash and cash equivalents	<u>\$ 7,507</u>

NOTE 14 – INTERGOVERNMENTAL JOINT VENTURE

Effective May 1, 1996, pursuant to a Municipal Joint Sewage Treatment Agency Intergovernmental Agreement, the City of Kankakee and the villages of Aroma Park, Bourbonnais, and Bradley agreed to the establishment of an independent agency with authority to operate the Regional Wastewater Treatment Facility (RWTF), raise revenue and exercise other powers as necessary. The independent agency created is the Kankakee River Metropolitan Agency (KRMA). The agreement requires a seven member board comprised of four persons appointed by the Mayor of the City of Kankakee and one person appointed by the Mayor of each village. A majority of five affirmative votes is required to modify this agreement, modify the methodology or the amounts of user charges, and approve bond issues or any appropriation in excess of \$50,000 or to change the membership of the agency. On April 22, 1999, KRMA acquired ownership of the RWTF.

As of April 30, 2012, the Village's net investment in the joint venture was \$5,202,813. Charges for services to the Village during the year ended April 30, 2012 were \$1,475,622.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 14 – INTERGOVERNMENTAL JOINT VENTURE (continued)

Financial statements of the joint venture can be obtained by contacting the Village of Bourbonnais. Pertinent financial information for the joint venture as of April 30, 2012 is as follows:

Statement of Net Assets:	Intergovernmental Joint Venture
Current assets	\$ 4,057,765
Restricted assets	4,026,075
Capital assets, net	25,385,581
Total assets	33,469,421
Liabilities	
Current liabilities	10,996,753
Non-current liabilities	19,530,703
Total Liabilities	30,527,456
Total Net Assets (Deficit)	\$ 2,941,965
Statement of Revenues, Expenses and Changes in Net Assets:	
Operating revenues	\$ 7,657,545
Operating expenses	(6,977,522)
Non-operating income (expenses)	(951,712)
Change in net assets	(271,689)
Ownership percentage	29.72%
Village's share of net income (loss) (equity interest in joint venture's income or loss)	\$ (80,746)

On December 27, 2010, an explosion at the Kankakee River Metropolitan Agency caused extensive damage to the facility. The costs to repair the facility, including additional upgrades, are estimated at approximately \$46.6 million. These costs, net of insurance reimbursements, will be passed through to the participants of the joint venture including the Village of Bourbonnais. The Agency has recorded a \$6,000,000 estimated insurance recovery related to the fair value of the loss assets based on consultant's estimates. The insurance company and management have not yet settled on a final amount. This estimate could significantly change. Any additional insurance recoveries related to changed ordinance or laws are contingent upon such upgrades being made and have not been recorded.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012**

NOTE 15 – LOSS CONTINGENCIES

The Village is involved in litigation from time to time on a variety of matters in connection with the services it provides. The Village Attorney estimates that the amount of actual or potential claims against the Village as of April 30, 2012 will not materially affect the financial condition of the Village or any of the individual funds. Settlement amounts are not expected to exceed insurance coverage. Therefore, the General Fund contains no provision for estimated claims.

The Special Tax Allocation Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for special purposes. The Special Tax Allocation Fund includes the transactions of the Village's two tax increment financing districts. The property tax portion of Tax Increment Financing District No. 5 ended December 31, 2010. The remaining sales tax portion of this district is set to end on December 31, 2013. All funds held, but not committed to projects allowed under the TIF Act as of December 31, 2013 are required to be returned to the State of Illinois at that time. Such amounts cannot be determined as of the date of this report.

NOTE 16 – PLEDGED REVENUE AND DEBT SERVICE REQUIREMENTS

The Village has pledged specific revenue, net of specific operating expenses, to repay the principal and interest of revenue bonds. The following is a schedule of the pledged revenues and related debt:

<u>Bond Issue</u>	<u>Purpose</u>	<u>Source of Revenue Pledged</u>	<u>Future Net Revenues Pledged (1)</u>	<u>Term of Commitment</u>	<u>Current Year Pledged Net Revenue to Debt Service (2)</u>
Sewerage Refunding Revenue Bonds, Series 2001	Acquiring, constructing and installing capital projects within the sewer system and to advance refund the Series 1993 revenue bonds	Net revenues of the Village's sewer system	\$ 2,086,205	2021	22.7%
Sewerage Refunding Revenue Bonds, Series 2006	To advance refund a portion of the Series 2001 revenue bonds	Net revenues of the Village's sewer system	\$ 2,877,934	2021	16.5%

(1) Total future principal and interest payments on debt.

(2) Current year pledged net operating revenue (excluding depreciation) vs. total future debt service.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 17 – INTERGOVERNMENTAL REVENUE

As of April 30, 2012, intergovernmental revenue reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance consisted of the following:

	2012			Total	2011 (Memo Only)
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund		
State income tax	\$ 1,788,115	\$ -	\$ -	\$ 1,788,115	\$ 1,599,654
State sales tax	1,551,935	1,639,014	-	3,190,949	2,613,699
State use tax	273,347	-	-	273,347	260,009
Motor fuel tax	-	-	475,542	475,542	542,778
Other	50,234	-	-	50,234	92,987
Total	<u>\$ 3,663,631</u>	<u>\$ 1,639,014</u>	<u>\$ 475,542</u>	<u>\$ 5,778,187</u>	<u>\$ 5,109,127</u>

NOTE 18 – COMMITMENTS

During fiscal year 2011 the Village of Bourbonnais called a letter of credit that was pledged to the Village by a developer as surety for completion of improvements to the Stone Mill Farms subdivision. These funds were deposited into a certificate of deposit and along with the investment earnings are required to be used by the Village to complete certain improvements in the Stone Mill Farms subdivision. The balance of the funds held by the Village for this purpose was \$342,623.

In addition, on February 22, 2012 the Village of Bourbonnais executed an asset purchase agreement with Aqua IL, Inc. This agreement will allow the Village to purchase the sewer system within Tri-Star Estates in Bourbonnais, Illinois for a total price of \$455,000 payable at closing.

NOTE 19 – SUBSEQUENT EVENTS

In August 2012 the Village of Bourbonnais issued general obligation bonds in an aggregate principal amount of \$4,255,000 for the purpose of paying the costs of road and street improvements and refunding certain the outstanding General Obligation Bonds (Motor Fuel Taxes Alternative Revenue source), Series 2003.

In addition, in August 2012 the Village of Bourbonnais issued general obligation refunding bonds in an aggregate principal amount \$1,645,000 for the purpose of refunding outstanding Series 2001 Sewerage Refunding Revenue Bonds.

NOTE 20 – PRIOR PERIOD ADJUSTMENT

During the year ended April 30, 2012, the Village determined that the certificate of deposit discussed in Note 18 was not recorded in the Villages accounting records. This error caused both total assets and net assets of the Village's governmental activities to be understated by \$339,177 as of April 30, 2011. The Village has recorded a prior period adjustment as of May 1, 2011 in order to correct this error.

REQUIRED SUPPLEMENTAL INFORMATION

**VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2012**

	2012		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 4,651,242	\$ 4,651,242	\$ 5,045,668
Fine revenue	156,200	156,200	174,916
Franchise taxes	269,679	269,679	284,213
Licenses revenue	28,575	28,575	8,825
Miscellaneous revenue	463,468	463,468	113,071
Permit revenue	121,200	121,200	143,051
Reimbursement revenue	483,540	483,540	759,779
Total revenues	<u>6,173,904</u>	<u>6,173,904</u>	<u>6,529,523</u>
EXPENDITURES			
President and Board of Trustees department	104,572	104,572	105,178
Administrative department	112,830	112,830	124,184
Community development	73,482	73,482	75,543
Police department	3,202,967	3,202,967	3,190,812
Public works department	1,114,799	1,114,799	976,769
Code enforcement department	255,187	255,187	276,025
Central services department	606,021	606,021	1,299,328
Finance department	182,482	182,482	194,962
Street department	471,833	471,833	467,065
Park department	49,733	49,733	56,875
Capital projects	-	-	195,819
Total expenditures	<u>6,173,906</u>	<u>6,173,906</u>	<u>6,962,560</u>
Excess of revenues over (under) expenditures	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ (433,037)</u>

**VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
SPECIAL TAX ALLOCATION FUND
FOR THE YEAR ENDED APRIL 30, 2012**

	2012		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 1,375,528	\$ 1,375,528	\$ 1,719,566
Miscellaneous revenue	56,750	56,750	14,960
Total revenues	<u>1,432,278</u>	<u>1,432,278</u>	<u>1,734,526</u>
EXPENDITURES			
Highway and streets	146,400	146,400	491,931
Economic development	141,205	141,205	44,529
Sewer improvements	25,000	25,000	28,163
Legal and professional	18,000	18,000	13,713
Dues and seminars	5,825	5,825	1,183
Administrative and other	357,407	357,407	269,271
Other capital projects	<u>1,660,096</u>	<u>1,660,096</u>	<u>474,103</u>
Total expenditures	<u>2,353,933</u>	<u>2,353,933</u>	<u>1,322,893</u>
Excess of revenues over (under) expenditures	<u>\$ (921,655)</u>	<u>\$ (921,655)</u>	<u>\$ 411,633</u>

**VILLAGE OF BOURBONNAIS REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
 MOTOR FUEL TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2012**

	2012		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 471,364	\$ 471,364	\$ 475,542
Reimbursement revenue	-	-	856,563
Miscellaneous revenue	<u>1,100</u>	<u>1,100</u>	<u>245</u>
Total revenues	<u>472,464</u>	<u>472,464</u>	<u>1,332,350</u>
EXPENDITURES			
Contractual service	431,732	431,732	404,572
Commodities	96,500	96,500	101,504
Capital projects	-	-	15,884
Debt service:			
Bonds redeemed	-	-	50,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>68,629</u>
Total expenditures	<u>528,232</u>	<u>528,232</u>	<u>640,589</u>
Excess of revenues over (under) expenditures	<u>(55,768)</u>	<u>(55,768)</u>	<u>691,761</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>55,768</u>	<u>55,768</u>	<u>-</u>
Total other financing sources (uses)	<u>55,768</u>	<u>55,768</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 691,761</u>

VILLAGE OF BOURBONNAIS
NOTE TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2012

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Village adopts annual budgets for the General Fund, Special Tax Allocation Funds, Motor Fuel Tax Fund, Sewer Fund and Refuse Fund. Expenditures for capital project funds are controlled on a project basis.

The Village follows these procedures in establishing the budgetary data reflected in financial statements:

1. Prior to July 1, the Village Treasurer submits to the Village Board of Trustees a proposed operating budget for the fiscal year which had commenced May 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to August 1, the budget is legally enacted through passage of the annual appropriation ordinance. This ordinance places legal restrictions on expenditures for the General Fund and at the fund level for the Special Revenue Funds. Once approved, the Village Board of Trustees may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.
4. Control of and amendments to the budget rest with the Village Board of Trustees. No supplemental appropriations were necessary during the year. However, certain amounts budgeted for expenditures were revised during the year ended April 30, 2012. Original and final approved budget amounts have been presented in the budgetary comparison schedules.
5. Appropriations for all funds are adopted on a basis consistent with the accrual basis of accounting.

**VILLAGE OF BOURBONNAIS
SCHEDULES OF FUNDING PROGRESS
FOR THE YEAR ENDED APRIL 30, 2012**

Illinois Municipal Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2011	\$ 3,091,917	\$ 4,918,906	\$ 1,826,989	62.86	\$ 1,887,795	96.78%
12/31/2010	\$ 2,975,468	\$ 4,750,166	\$ 1,774,698	62.64	\$ 1,898,359	93.49%
12/31/2009	\$ 2,657,420	\$ 4,359,469	\$ 1,702,049	60.96	\$ 1,917,541	88.76%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$3,168,905. On a market value basis, the funded ratio would be 66.71%

Bourbonnais Police Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2011 *						
4/30/2010	\$ 8,109,407	\$ 11,037,178	\$ 2,927,771	73.47	\$ 1,580,364	185.26%
4/30/2009	\$ 7,092,522	\$ 10,301,449	\$ 3,208,927	68.85	\$ 1,375,632	233.27%

* Information is unavailable. The Fund did not obtain an actuarial valuation for this year.

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2011	\$ -	\$ 1,236,110	\$ 1,236,110	0.00	\$ 3,750,633	33.0%
4/30/2010	\$ -	\$ 695,920	\$ 695,920	0.00	\$ 3,844,714	18.1%
4/30/2009	\$ -	\$ 971,153	\$ 971,153	0.00	\$ 3,572,260	27.2%

STATISTICAL SECTION

VILLAGE OF BOURBONNAIS
ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS (UNAUDITED)
FOR THE TAX LEVY YEARS 2002 - 2011

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
ASSESSED VALUATION	\$ 335,201,415	\$ 349,420,344	\$ 329,085,517	\$ 323,032,716	\$ 293,060,541	\$ 259,001,987	\$ 234,471,154	\$ 210,672,228	\$ 203,876,490	\$ 190,760,002
TAX RATES										
Corporate	0.096	0.095	0.110	0.105	0.116	0.115	0.122	0.128	0.129	0.150
Emergency Services	0.006	0.005	0.004	0.003	0.002	0.002	0.003	0.003	0.003	0.003
Street lighting	0.033	0.031	0.031	0.029	0.029	0.032	0.030	0.034	0.032	0.033
Parks	0.017	0.016	0.016	0.015	0.014	0.016	0.017	0.018	0.019	0.021
Police protection	0.062	0.059	0.062	0.059	0.060	0.064	0.062	0.061	0.057	0.052
Police pension	0.059	0.055	0.057	0.054	0.055	0.059	0.056	0.063	0.057	0.052
Audit	0.011	0.010	0.009	0.008	0.007	0.008	0.008	0.009	0.009	0.010
Social security	0.042	0.039	0.040	0.038	0.039	0.042	0.040	0.036	0.037	0.037
School crossing guard	0.009	0.008	0.007	0.006	0.005	0.005	0.006	0.006	0.006	0.007
IMRF	0.033	0.031	0.031	0.029	0.029	0.032	0.033	0.036	0.037	0.039
Liability insurance	0.037	0.035	0.035	0.033	0.034	0.038	0.040	0.045	0.046	0.047
Worker's compensation	0.004	0.004	0.003	0.002	0.001	0.001	0.001	0.001	0.001	0.001
Unemployment	0.004	0.004	0.003	0.002	0.001	0.001	0.001	0.001	0.001	0.001
Total tax rates	<u>0.413</u>	<u>0.392</u>	<u>0.408</u>	<u>0.383</u>	<u>0.392</u>	<u>0.415</u>	<u>0.419</u>	<u>0.441</u>	<u>0.434</u>	<u>0.453</u>
TAX EXTENSIONS										
Corporate	\$ 321,793	\$ 332,093	\$ 325,795	\$ 339,175	\$ 339,950	\$ 297,852	\$ 286,055	\$ 269,660	\$ 263,001	\$ 286,140
Emergency Services	20,112	17,479	13,163	9,691	5,861	5,180	7,034	6,320	6,116	5,723
Street lighting	110,617	108,367	95,435	93,677	84,988	82,881	70,341	71,629	65,240	62,951
Parks	56,984	55,931	49,363	48,454	41,028	41,440	39,860	37,921	38,736	40,060
Police protection	207,825	206,247	190,870	190,584	175,836	165,761	145,372	128,510	116,210	99,195
Police pension	197,769	192,264	177,706	174,433	161,183	152,811	131,304	132,724	116,210	99,195
Audit	36,872	34,957	29,618	25,842	20,514	20,720	18,758	18,961	18,349	19,076
Social security	140,785	136,333	125,053	122,749	114,294	108,781	93,788	75,842	75,434	70,581
School crossing guard	30,168	27,966	23,036	19,381	14,653	12,950	14,068	12,640	12,233	13,353
IMRF	110,616	108,367	95,435	93,677	84,988	82,881	77,375	75,842	75,434	74,396
Liability insurance	124,025	122,350	108,598	106,598	99,640	98,421	93,788	94,803	93,783	89,657
Worker's compensation	13,408	13,983	9,872	6,460	2,931	2,590	2,345	2,107	2,039	1,908
Unemployment	13,408	13,983	9,872	6,460	2,931	2,590	2,345	2,107	2,039	1,908
Total tax extensions	<u>\$ 1,384,382</u>	<u>\$ 1,370,320</u>	<u>\$ 1,253,816</u>	<u>\$ 1,237,181</u>	<u>\$ 1,148,797</u>	<u>\$ 1,074,858</u>	<u>\$ 982,433</u>	<u>\$ 929,066</u>	<u>\$ 884,824</u>	<u>\$ 864,143</u>
TAX COLLECTIONS										
General fund		\$ 1,354,384	\$ 1,246,735	\$ 1,229,453	\$ 1,139,895	\$ 1,061,904	\$ 972,528	\$ 915,450	\$ 873,832	\$ 854,973
Road and bridge collections		<u>27,724</u>	<u>16,342</u>	<u>12,853</u>	<u>23,382</u>	<u>23,133</u>	<u>23,232</u>	<u>25,046</u>	<u>24,304</u>	<u>24,426</u>
Total tax collections		<u>\$ 1,382,108</u>	<u>\$ 1,263,077</u>	<u>\$ 1,242,306</u>	<u>\$ 1,163,277</u>	<u>\$ 1,085,037</u>	<u>\$ 995,760</u>	<u>\$ 940,496</u>	<u>\$ 898,136</u>	<u>\$ 879,399</u>
Percentage of Village levy collected		<u>98.8%</u>	<u>99.4%</u>	<u>99.2%</u>	<u>98.8%</u>	<u>99.0%</u>	<u>98.5%</u>	<u>98.8%</u>	<u>98.9%</u>	<u>96.7%</u>



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Village of Bourbonnais
Bourbonnais, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bourbonnais, as of and for the year ended April 30, 2012, which collectively comprise the Village of Bourbonnais' basic financial statements and have issued our report thereon dated January 18, 2013. The report on the aggregate remaining fund information was qualified because we were unable to satisfy ourselves with respect to the amount of the employer's required contribution, any related receivable, and the funded status and funding progress of the Bourbonnais Police Pension Fund (which is included in the aggregate remaining fund information). As discussed in Note 7 to the financial statements, the Bourbonnais Police Pension Fund did not obtain an actuarial valuation as of April 30, 2011 which is required to determine the amount of the employer required contributions for the year ended April 30, 2012. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Village of Bourbonnais is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village of Bourbonnais' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Bourbonnais' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Bourbonnais' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in findings 12-1, 12-2 and 12-3 in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Bourbonnais' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to Village management in a separate letter dated January 18, 2013.

The Village of Bourbonnais' response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village of Bourbonnais' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, and the State of Illinois and is not intended to be and should not be used by anyone other than these specified parties.

Borschneck, Pelletier + Co.

January 18, 2013

**VILLAGE OF BOURBONNAIS
SCHEDULE OF FINDINGS
APRIL 30, 2012**

FINDING 12-1: PREPARATION OF FINANCIAL STATEMENTS AND DISCLOSURES

Condition

The Village of Bourbonnais (Village) did not prepare financial statements and disclosures in accordance with accounting principles generally accepted in the United States of America. Certain material adjustments were needed to correct the Village's account balances as of April 30, 2012. These adjustments have been proposed to Village management and have been approved for posting to the Village's accounts by Village management.

Cause

Due to the limited amount of resources available, the Village has historically depended on its auditors to reconcile year end balances, to prepare financial statements and to prepare disclosures in accordance with accounting principles generally accepted in the United States of America. The Village of Bourbonnais' accounting records have essentially been maintained on the cash basis of accounting and required several adjustments to convert the account balances to the accrual basis of accounting.

Recommendation

We recommend the Village reconcile all account balances as a part of its yearend closing process in order to provide accurate account balances in accordance with accounting principles generally accepted in the United States.

As your auditors, we may continue to help with typing and formatting of the financial statements, but cannot perform reconciliation procedures or make management decisions regarding the preparation of the Village's financial statements. Accordingly, we wish to remind Village management that your independent auditors are not part of the Village's internal control system.

We understand the Village has assigned an individual to oversee the preparation of the financial statements and disclosures. We recommend the Village continue to do so in the future.

Management's Response

Village management will reconcile account balances prior to providing such information to our auditors and will continue to assign an individual to oversee the preparation of the financial statements and disclosures in order to ensure that all management decisions related to this process are made by Village management.

**VILLAGE OF BOURBONNAIS
SCHEDULE OF FINDINGS
APRIL 30, 2012**

FINDING 12-2: UNRECORDED CERTIFICATE OF DEPOSIT

Condition

During our audit we noted that the Village of Bourbonnais (Village) failed to record a certificate of deposit in the previous year totaling \$339,177. During fiscal year 2011, the Village called a letter of credit issued by a local financial institution in the Village's name. This letter of credit was security for a development that was left unfinished after a developer went bankrupt. The funds received by the Village as a result of this transaction were used to purchase a certificate of deposit in the Village's name with another financial institution.

A prior period adjustment was proposed and has been approved for posting to the Village's accounting records as of May 1, 2011 in order to reflect this certificate of deposit in the beginning net assets of the Village.

Cause

Village officials stated that not recording the certificate of deposit was an accounting oversight.

Recommendation

We recommend the Village implement procedures to ensure that all transactions are recorded at the time they occur.

Management's Response

Village management agrees with the recommendation and will develop procedures to ensure that all transactions are recorded at the time they occur.

**VILLAGE OF BOURBONNAIS
SCHEDULE OF FINDINGS
APRIL 30, 2012**

FINDING 12-3: ADJUSTMENTS POSTED IN AN INCORRECT PERIOD

Condition

During our audit we noted a journal entry to the Village of Bourbonnais' (Village) cash accounts totaling \$723,699 that was posted in an improper period. This adjustment was to reflect a transfer of funds from the General Fund to the Special Tax Allocation Fund which was made during the month of April, 2012. However, part of the appropriate entry was not posted in the Village's accounting records until May of 2012. This error caused the ending cash balance in the Special Tax Allocation Fund to be understated by \$723,699 as of April 30, 2012.

In April 2012, the Village recorded a transfer out of the General Fund and reduced the General Funds cash balance. In May 2012, the Village recorded the increase in cash of the Special Tax Allocation Fund and a reduction of the inter-fund loan.

An adjustment was proposed to correct the entry and has been approved for posting to the Villages accounting records by Village management.

Cause

Village officials stated that not recording the transfer in the proper period within the Special Tax Allocation Fund was an accounting oversight.

Recommendation

We recommend the Village implement procedures to ensure that all transactions are recorded in the proper period.

Management's Response

Village management agrees with the recommendation and will develop procedures to ensure that all transactions are recorded in the proper period.