

**VILLAGE OF BOURBONNAIS
BOURBONNAIS, ILLINOIS**

**FINANCIAL STATEMENTS
APRIL 30, 2014**

VILLAGE OF BOURBONNAIS

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet - Governmental Funds	13
Reconciliation of Governmental Funds Balance Sheet and the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	15
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities.....	16
Statement of Net Position - Proprietary Funds.....	17
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Fiduciary Net Position - Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	21
Notes to Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	49
Budgetary Comparison Schedule - Special Revenue Funds	50
Note to Budgetary Comparison Schedules	52
Schedules of Funding Progress	53
STATISTICAL SECTION	
Assessed Valuations, Rates, Extensions and Collections – Tax Levy Years 2004-2013 (Unaudited)	54
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	55
SCHEDULE OF FINDINGS	57



Certified Public Accountants & Consultants

200 East Court Street • Suite 608 • Kankakee, IL 60901
815.933.1771 • fax: 815.933.1163

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kankakee River Metropolitan Agency, which represent 35.8 percent, 40.4 percent, and 16.6 percent, respectively, of the assets, net position, and revenue of the Sewer Operating Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Kankakee River Metropolitan Agency, is based solely on the report of the other auditors. 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 from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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, 2014 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 18 to the financial statements the Village of Bourbonnais adopted new accounting guidance, GASB No. 65, *Items Previously Reported as Assets and Liabilities*. As also described in Note 18, the Village recorded an adjustment in the current period in order to correct a material misstatement of a previously issued financial statement. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Village's April 30, 2013 financial statements, and in our report dated November 26, 2013, we expressed unmodified opinions on those financial statements. In our opinion, the summarized comparative information presented here in as of and for the year ended April 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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.

Other Information

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 section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical section 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014, 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* in considering the Village of Bourbonnais' internal control over financial reporting and compliance.

Borschneck, Pelletier & Co.

December 3, 2014

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2014**

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 that ended on April 30, 2014. 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, 2014 are as follows:

- Growth continues in Bourbonnais. During the fiscal year 2014, fifty-one permits were issued for new single family homes.
- The Village completed Burns Road west of Route 45 to Career Center Road.
- Construction was nearing completion on a new downtown parking lot and improvements to Benoit and Toni streets in the downtown TIF district. Completion is scheduled for fall 2014.
- The Village completed the relining of its sewer line running through the Burns Farm and repaired more than a dozen manholes that were leaking.

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 supplementary information*, and 4) a *statistical section* that presents optional statistical information. The basic financial statements include two types of statements that present different views of the Village' financial condition.

- 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 Position 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 Position includes all of the Village's assets, deferred outflows, liabilities, and deferred inflows except the fiduciary funds. All current year revenues and expenses are reported in the Statement of Activities. The two statements report the governmental and business-type activities of the Village that 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 Position shows the Village's assets, deferred outflows, liabilities, and deferred inflows. The difference between total assets, deferred outflows, liabilities, and deferred inflows equals the net position of the Village. A deficit occurs when there are more liabilities and deferred inflows than there are assets and deferred outflows to pay those liabilities. This statement measures the financial strength of the Village; the greater the net position figure, generally the indication of a healthier financial position for

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2014**

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 position on a revenues minus expenses basis. It generally shows the operating results for a given year of the Village. Any excess of revenues over expenses results in a surplus for the year that in turn increases the net position available to fund future needs of the Village. Excess expenses over revenues have an opposite impact on net position.
- 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 include 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 position and a statement of changes in fiduciary net position. We exclude these activities from the Village's government-wide financial statements because the Village cannot use these assets to finance its operations.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2014**

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 22-48.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary 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 supplementary information can be found on pages 49-53 of this report.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure - roads, bridges, storm sewers, etc.) are neither 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, 2014**

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 Position and the Statement of Activities which follow:

Statements of Net Position –

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Village of Bourbonnais, net position was \$41,088,894 as of April 30, 2014. The following table reflects the condensed Statements of Net Position:

	2014			2013
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
Current assets	\$ 9,963,988	\$ 2,707,659	\$ 12,671,647	\$ 15,259,051
Noncurrent assets	22,819,443	13,927,911	36,747,354	32,064,008
Total assets	<u>32,783,431</u>	<u>16,635,570</u>	<u>49,419,001</u>	<u>47,323,059</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	<u>269,096</u>	<u>99,400</u>	<u>368,496</u>	<u>415,328</u>
LIABILITIES				
Current liabilities	741,249	411,002	1,152,251	1,326,626
Noncurrent liabilities	5,857,931	1,688,421	7,546,352	8,014,449
Total liabilities	<u>6,599,180</u>	<u>2,099,423</u>	<u>8,698,603</u>	<u>9,341,075</u>
NET POSITION				
Invested in capital assets, net of related debt	19,753,944	6,178,394	25,932,338	21,843,591
Restricted	5,129,767	1,180,469	6,310,236	8,676,671
Unrestricted	<u>1,569,636</u>	<u>7,276,684</u>	<u>8,846,320</u>	<u>7,877,050</u>
Total net position	<u>\$ 26,453,347</u>	<u>\$ 14,635,547</u>	<u>\$ 41,088,894</u>	<u>\$ 38,397,312</u>

Discussion & Analysis

The Village's net position was \$41,088,894 on April 30, 2014. Capital assets, net of related debt, amounted to \$25,932,338. 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.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2014**

Restricted net position totaled \$6,310,236 on April 30, 2014, and are those assets restricted by ordinance or by revenue bond agreements. By comparison, unrestricted net position totaled \$8,846,320 for the year ended April 30, 2014. 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.

Statements of Activities –

Overall results of operations for the Village of Bourbonnais for the fiscal operating period ending April 30, 2014 are reported in the Statement of Activities for the Village. This statement reports the changes in the Village's net position for this fiscal period.

	<u>2014</u>			<u>2013</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
REVENUES				
Program Revenues				
Charges for service	\$ 836,118	\$ 5,549,085	\$ 6,385,203	\$ 4,712,235
Operating grants and contributions	77,561	-	77,561	219,005
General Revenues				
Property taxes	1,821,114	-	1,821,114	1,524,892
Franchise taxes	295,828	-	295,828	295,637
Income tax and other state taxes	5,256,600	-	5,256,600	6,128,246
Unrestricted investment earnings	17,211	7,053	24,264	32,652
Miscellaneous	-	-	-	695,287
Gain (loss) on sale of assets	-	6,000	6,000	900
Total revenues	<u>8,304,432</u>	<u>5,562,138</u>	<u>13,866,570</u>	<u>13,608,854</u>
EXPENSES				
General government	4,091,455	-	4,091,455	5,574,598
Public safety	3,504,990	-	3,504,990	3,264,246
Public works	1,242,283	-	1,242,283	1,120,733
Economic development	45,606	-	45,606	19,403
Culture and recreation	52,955	-	52,955	58,705
Interest on long-term debt	168,903	-	168,903	122,543
Sewer operations	-	2,822,318	2,822,318	2,886,032
Refuse disposal	-	1,063,851	1,063,851	986,713
Total expenses	<u>9,106,192</u>	<u>3,886,169</u>	<u>12,992,361</u>	<u>14,032,973</u>
Change in net position	<u>\$ (801,760)</u>	<u>\$ 1,675,969</u>	<u>\$ 874,209</u>	<u>\$ (424,119)</u>

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2014**

Discussion & Analysis

Total Village revenues were \$13,866,570 for the period. The Village's total cost (expense) to fund all governmental activities was \$9,106,192 while business-type activities were \$3,886,169. A majority of these costs were funded by property tax, user fees and state aid.

Capital Assets

The Village's investment in capital assets for its Governmental and Business-type Activities as of April 30, 2014 amounted to \$30,818,437. 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 increase in capital assets (including additions and retirements) of \$2,120,734 for the current fiscal year. 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 34.

Debt Outstanding

The Village's long-term debt consists of certain revenue bonds issued in the current and previous years. Information relating to long-term debt can be found in the Notes to Financial Statements on pages 35-38.

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 within 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.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2014**

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.

Economic Factors and Next Year's Budget and Rates

Despite economic conditions to the contrary, growth continues in Bourbonnais. During the fiscal year 2014, fifty-one permits were issued for new single family homes. This continues the positive growth pattern of the last nine years.

The Village completed the extension of Burns Road west from Burning Bush Drive to Career Center Road. This allows a connection between Route 45 and Career Center Road north of town. In fiscal 2014, the Village neared completion on a new downtown parking lot and improvements to Benoit and Toni Streets in the downtown TIF District. The Village completed a major sewer relining project in the Burns Farm area as well as other sewer repairs.

Various new businesses opened in the Village including Arby's, Asian Bistro and Rosati's Pizza. Also, Riverside Hospital has opened its 80-bed Assisted Living Facility on US Route 45/52.

Property values have remained relatively stable in Bourbonnais and with the Village portion of the property tax levy currently at 5.4% of total property tax bill; management will continue to control expenses in order to continue to provide quality services to our residents. The Village has begun to use a multi-year budget model that should allow for better planning, both for capital improvements and general operations.

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, 600 Main Street NW, Bourbonnais, Illinois 60914.

VILLAGE OF BOURBONNAIS
STATEMENT OF NET POSITION
APRIL 30, 2014
(With Comparative Totals for April 30, 2013)

	2014			2013
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,372,053	\$ 202,384	\$ 4,574,437	\$ 6,505,256
Investments	3,384,968	1,218,736	4,603,704	5,278,004
Receivables	2,575,108	354,662	2,929,770	3,105,857
Internal balances	(491,017)	491,017	-	-
Other assets	122,876	440,860	563,736	369,934
Total current assets	<u>9,963,988</u>	<u>2,707,659</u>	<u>12,671,647</u>	<u>15,259,051</u>
Noncurrent assets				
Capital assets, net of depreciation	22,819,443	7,998,994	30,818,437	26,755,033
Debt issuance costs, net	-	-	-	125,297
Investment in joint venture	-	5,928,917	5,928,917	5,183,678
Total noncurrent assets	<u>22,819,443</u>	<u>13,927,911</u>	<u>36,747,354</u>	<u>32,064,008</u>
Total Assets	<u>32,783,431</u>	<u>16,635,570</u>	<u>49,419,001</u>	<u>47,323,059</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	269,096	99,400	368,496	415,328
Total deferred outflows of resources	<u>269,096</u>	<u>99,400</u>	<u>368,496</u>	<u>415,328</u>
Total assets and deferred outflows of resources	<u>33,052,527</u>	<u>16,734,970</u>	<u>49,787,497</u>	<u>47,738,387</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	288,766	139,775	428,541	705,254
Accrued interest	58,746	31,227	89,973	95,618
Bonds payable	370,000	240,000	610,000	485,000
Capital lease payable	23,737	-	23,737	40,754
Total current liabilities	<u>741,249</u>	<u>411,002</u>	<u>1,152,251</u>	<u>1,326,626</u>
Noncurrent liabilities				
Bonds payable in more than one year	5,133,862	1,680,000	6,813,862	7,432,454
Capital lease payable	75,704	-	75,704	-
Accrued compensated absences	648,365	8,421	656,786	581,995
Total noncurrent liabilities	<u>5,857,931</u>	<u>1,688,421</u>	<u>7,546,352</u>	<u>8,014,449</u>
Total Liabilities	<u>6,599,180</u>	<u>2,099,423</u>	<u>8,698,603</u>	<u>9,341,075</u>
NET POSITION				
Invested in capital assets, net of related debt	19,753,944	6,178,394	25,932,338	21,843,591
Restricted, Expendable	5,129,767	1,180,469	6,310,236	8,676,671
Unrestricted	1,569,636	7,276,684	8,846,320	7,877,050
Total Net Position	<u>\$ 26,453,347</u>	<u>\$ 14,635,547</u>	<u>\$ 41,088,894</u>	<u>\$ 38,397,312</u>

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

VILLAGE OF BOURBONNAIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2014
(With Comparative Totals for the year ended April 30, 2013)

	2014						2013							
	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities														
General government	\$ 4,091,455	\$ 643,244	\$ -	\$ -	\$ (3,448,211)	\$ -	\$ (3,448,211)	\$ -	\$ (3,448,211)	\$ -	\$ -	\$ -	\$ (3,448,211)	\$ (5,095,451)
Public safety	3,504,990	192,874	77,561	-	(3,234,555)	-	(3,234,555)	-	(3,234,555)	-	-	-	(3,234,555)	(2,878,977)
Public works	1,242,283	-	-	-	(1,242,283)	-	(1,242,283)	-	(1,242,283)	-	-	-	(1,242,283)	(1,120,733)
Economic development	45,606	-	-	-	(45,606)	-	(45,606)	-	(45,606)	-	-	-	(45,606)	(19,403)
Culture and recreation	52,955	-	-	-	(52,955)	-	(52,955)	-	(52,955)	-	-	-	(52,955)	(58,706)
Interest on long-term debt	168,903	-	-	-	(168,903)	-	(168,903)	-	(168,903)	-	-	-	(168,903)	(122,543)
Total governmental activities	9,106,192	836,118	77,561	-	(8,192,513)	-	(8,192,513)	-	(8,192,513)	-	-	-	(8,192,513)	(9,295,812)
Business-type activities														
Sewer operations	2,822,318	4,476,511	-	-	-	1,654,193	1,654,193	-	1,654,193	-	-	-	1,654,193	523,128
Refuse disposal	1,063,851	1,072,574	-	-	-	8,723	8,723	-	8,723	-	-	-	8,723	18,233
Total business-type activities	3,886,169	5,549,085	-	-	-	1,662,916	1,662,916	-	1,662,916	-	-	-	1,662,916	541,361
Total primary government	\$ 12,992,361	\$ 6,385,203	\$ 77,561	\$ -	\$ (8,192,513)	\$ 1,662,916	\$ (6,529,597)	\$ -	\$ (6,529,597)	\$ -	\$ -	\$ -	\$ (8,754,451)	\$ (8,754,451)
General revenues:														
Property taxes, levied for general purposes					1,821,114	-	1,821,114	-	1,821,114	-	-	-	-	1,824,892
Franchise taxes					295,828	-	295,828	-	295,828	-	-	-	-	295,637
Income tax and other State tax revenue					5,256,600	-	5,256,600	-	5,256,600	-	-	-	-	6,128,246
Unrestricted investment earnings					17,211	7,053	24,264	-	24,264	-	-	-	-	32,652
Special items:														
Gain (loss) on refunding of debt					-	-	-	-	-	-	-	-	-	57,148
Gain (loss) on sales of assets					-	6,000	6,000	-	6,000	-	-	-	-	(168,540)
Other financing source - donated capital assets					-	-	-	-	-	-	-	-	-	460,297
Total general revenues and special items					7,390,753	13,053	7,403,806	-	7,403,806	-	-	-	-	8,330,332
CHANGE IN NET POSITION					(801,760)	1,675,969	874,209		874,209					(424,119)
NET POSITION, BEGINNING OF YEAR														
As previously reported					25,390,003	13,007,309	38,397,312		38,397,312					38,821,431
Prior period adjustment					1,865,104	(47,731)	1,817,373		1,817,373					-
As restated					27,255,107	12,959,578	40,214,685		40,214,685					38,821,431
NET POSITION, END OF YEAR					\$ 26,453,347	\$ 14,635,547	\$ 41,088,694		\$ 41,088,694					\$ 38,397,312

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

**VILLAGE OF BOURBONNAIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2014**

(With Comparative Totals for April 30, 2013)

	2014					2013	
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund	Motor Fuel Tax Bond Fund	Impact Fees Fund	Total Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,759,506	\$ 1,573,493	\$ -	\$ 4,523	\$ 34,431	\$ 4,372,053	\$ 5,929,599
Investments	2,352,193	-	614,206	-	418,569	3,384,968	4,066,258
Interest receivable	1,676	-	-	-	-	1,676	2,029
Due from other funds	624	-	9,279	-	15,536	25,439	766,938
Receivables from other governments	2,444,492	92,349	34,347	-	-	2,571,188	2,811,840
Other receivables	2,244	-	-	-	-	2,244	19,548
Prepaid expense	120,730	-	-	-	-	120,730	48,219
TOTAL ASSETS	\$ 7,681,465	\$ 1,665,842	\$ 657,832	\$ 4,523	\$ 468,536	\$ 10,478,298	\$ 13,644,522
LIABILITIES							
Accounts payable and accrued expenses	\$ 137,169	\$ 20,918	\$ -	\$ -	\$ -	\$ 158,087	\$ 282,785
Salaries and benefits payable	130,679	-	-	-	-	130,679	204,164
Due to other funds	511,179	-	-	3,131	-	514,310	760,697
Total liabilities	779,027	20,918	-	3,131	-	803,076	1,247,646
DEFERRED INFLOWS OF RESOURCES							
Unavailable tax revenue	1,733,330	92,349	-	-	-	1,825,679	1,575,460
Total deferred inflows of resources	1,733,330	92,349	-	-	-	1,825,679	1,575,460
FUND BALANCES							
Nonspendable	120,730	-	-	-	-	120,730	48,219
Restricted for:							
Capital projects	2,268,708	-	-	-	-	2,268,708	2,631,438
Debt service	-	-	-	1,492	-	1,492	1,492
Economic development	644,278	1,552,575	-	-	-	2,196,853	4,337,179
Public safety	4,882	-	-	-	-	4,882	3,906
Street maintenance programs	-	-	657,832	-	-	657,832	490,910
Committed	-	-	-	-	468,536	468,536	501,558
Unassigned	2,130,510	-	-	-	-	2,130,510	2,806,714
Total fund balances	5,169,108	1,552,575	657,832	1,492	468,536	7,849,543	10,821,416
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,681,465	\$ 1,665,842	\$ 657,832	\$ 4,523	\$ 468,536	\$ 10,478,298	\$ 13,644,522

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 POSITION
APRIL 30, 2014
(With Comparative Totals for April 30, 2013)

	<u>2014</u>	<u>2013</u>
Adjustments necessary to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:		
Governmental funds combined fund balance	\$ 7,849,543	\$ 10,821,416
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	22,819,443	19,051,602
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 Position.	1,825,679	1,575,460
Unamortized loss on refunding of debt is not reported in the Governmental Funds Balance Sheet, but is reported in the Statement of Net Position	269,096	301,570
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 Position.	-	77,566
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 Position:		
Bonds payable	(5,503,862)	(5,762,454)
Capital lease payable	(99,441)	(40,754)
Interest payable	(58,746)	(60,829)
Compensated absences	<u>(648,365)</u>	<u>(573,574)</u>
Net Position of Governmental Activities	<u>\$ 26,453,347</u>	<u>\$ 25,390,003</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, 2014
(With Comparative Totals for the Year Ended April 30, 2013)

	2014						2013	
	Special Tax		Motor Fuel		Impact Fees		Total	
	General Fund	Allocation Fund	Motor Fuel Tax Fund	Tax Bond Fund	Fund	Fund	Governmental Funds	Governmental Funds
REVENUES								
Property taxes	\$ 1,486,780	\$ 84,115	\$ -	\$ -	\$ -	\$ -	\$ 1,570,895	\$ 1,478,412
Franchise taxes	295,828	-	-	-	-	-	295,828	295,637
Fees, fines and permits	529,565	-	-	-	51,747	-	580,312	380,754
Licenses	31,850	-	-	-	-	-	31,850	31,300
Intergovernmental	4,392,046	193,677	480,968	-	-	-	5,066,691	5,896,148
Investment earnings	14,456	418	98	-	2,239	-	17,211	25,793
State, Federal and other reimbursements	77,561	-	189,909	-	-	-	267,470	451,103
Miscellaneous	223,956	-	-	-	-	-	223,956	233,357
Total revenues	7,051,042	278,210	670,975	-	53,986	-	8,054,213	8,792,504
EXPENDITURES								
General government	1,997,729	279,415	-	-	-	-	2,277,144	2,973,249
Public safety	3,464,343	-	-	-	-	-	3,464,343	3,244,310
Public works	1,235,242	386	-	-	-	-	1,235,628	1,118,902
Culture and recreation	52,955	-	-	-	-	-	52,955	58,705
Economic development	-	39,109	-	-	-	-	39,109	18,561
Debt Service								
Principal	250,000	-	-	-	-	-	250,000	220,000
Interest and other charges	146,640	-	464	-	-	-	147,104	66,981
Capital outlay	993,673	2,101,784	503,589	-	87,008	-	3,686,054	2,803,843
Total expenditures	8,140,582	2,420,694	504,053	-	87,008	-	11,152,337	10,504,551
Excess (deficiency) of revenues over (under) expenditures	(1,089,540)	(2,142,484)	166,922	-	(33,022)	-	(3,098,124)	(1,712,047)
OTHER FINANCING SOURCES (USES)								
Capital lease financing	126,251	-	-	-	-	-	126,251	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	(1,444,699)
Proceeds from debt issue	-	-	-	-	-	-	-	5,939,763
Proceeds from sale of assets	-	-	-	-	-	-	-	900
Transfers in	-	-	-	-	-	-	-	1,444,699
Transfers out	-	-	-	-	-	-	-	(3,085,018)
Total other financing sources (uses)	126,251	-	-	-	-	-	126,251	2,855,645
NET CHANGE IN FUND BALANCES	(983,289)	(2,142,484)	166,922	-	(33,022)	-	(2,971,873)	1,143,598
FUND BALANCES, BEGINNING OF YEAR	6,132,397	3,695,059	490,910	1,492	501,558	10,821,416	10,821,416	9,677,818
FUND BALANCES, END OF YEAR	\$ 5,169,108	\$ 1,552,575	\$ 657,832	\$ 1,492	\$ 468,536	\$ 7,849,543	\$ 7,849,543	\$ 10,821,416

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, 2014
(With Comparative Totals for April 30, 2013)

	<u>2014</u>	<u>2013</u>
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	\$ (2,971,873)	\$ 1,143,598
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.	1,825,171	687,509
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.	250,219	46,480
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	-	(7,700)
Amortization of loss on refunding of debt	(32,474)	(32,473)
Amortization of bond premium	8,592	8,592
(Increase) decrease in accrued compensated absences	(74,791)	(39,627)
(Increase) decrease in accrued interest on bonds payable	2,083	(31,681)
Capital lease financing is reported on the governmental fund financial statements as an other financing source, but is reported as a liability on the government-wide financial statements.	(126,251)	-
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.	67,564	-
Proceeds from the issuance of debt is reported on the governmental fund financial statements as an other financing source, but is reported as a liability on the government-wide financial statements.	-	(5,939,763)
The advance refunding of debt is reported on the governmental fund financial statements as an other financing use, but is reported as a reduction of a liability on the government-wide financial statements.	-	1,664,215
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.	<u>250,000</u>	<u>220,000</u>
Change in Net Position of Governmental Activities	<u>\$ (801,760)</u>	<u>\$ (2,280,850)</u>

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

VILLAGE OF BOURBONNAIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2014
(With Comparative Totals for April 30, 2013)

	<u>2014</u>			<u>2013</u>
	<u>Enterprise Funds</u>			<u>Total Enterprise Funds</u>
	<u>Sewer Operating Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total Enterprise Funds</u>	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 32,963	\$ 164,396	\$ 197,359	\$ 570,632
Cash and cash equivalents - restricted	5,025	-	5,025	5,025
Investments - restricted	1,218,736	-	1,218,736	1,211,746
Accounts receivable, net	334,425	18,874	353,299	270,986
Interest receivable	1,363	-	1,363	1,363
Prepaid expense	440,860	-	440,860	317,447
Due from other funds	610,542	154,013	764,555	281,140
Total current assets	<u>2,643,914</u>	<u>337,283</u>	<u>2,981,197</u>	<u>2,658,339</u>
Noncurrent assets				
Investment in joint venture	5,928,917	-	5,928,917	5,183,678
Capital assets, net	7,998,994	-	7,998,994	7,703,431
Debt issuance costs, net	-	-	-	47,731
Total noncurrent assets	<u>13,927,911</u>	<u>-</u>	<u>13,927,911</u>	<u>12,934,840</u>
Total Assets	<u>16,571,825</u>	<u>337,283</u>	<u>16,909,108</u>	<u>15,593,179</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	99,400	-	99,400	-
Total deferred outflows of resources	<u>99,400</u>	<u>-</u>	<u>99,400</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>16,671,225</u>	<u>337,283</u>	<u>17,008,508</u>	<u>15,593,179</u>
LIABILITIES				
Current liabilities				
Accounts payable	38,553	94,069	132,622	215,114
Accrued payroll expenses	7,153	-	7,153	3,191
Due to other funds	535	273,003	273,538	283,113
Accrued interest	31,227	-	31,227	34,789
Bonds, notes, and loans payable	240,000	-	240,000	235,000
Total current liabilities	<u>317,468</u>	<u>367,072</u>	<u>684,540</u>	<u>771,207</u>
Noncurrent liabilities				
Accrued compensated absences	8,421	-	8,421	8,421
Bonds, notes, and loans payable	1,680,000	-	1,680,000	1,806,242
Total noncurrent liabilities	<u>1,688,421</u>	<u>-</u>	<u>1,688,421</u>	<u>1,814,663</u>
Total Liabilities	<u>2,005,889</u>	<u>367,072</u>	<u>2,372,961</u>	<u>2,585,870</u>
NET POSITION				
Invested in capital assets, net of related debt	6,178,394	-	6,178,394	5,662,189
Restricted for bond retirement	568,097	-	568,097	568,097
Restricted for repairs and maintenance	612,372	-	612,372	608,860
Unrestricted	7,306,473	(29,789)	7,276,684	6,168,163
Total Net Position	<u>\$ 14,665,336</u>	<u>\$ (29,789)</u>	<u>\$ 14,635,547</u>	<u>\$ 13,007,309</u>

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

VILLAGE OF BOURBONNAIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2014
(With Comparative Totals for the Year Ended April 30, 2013)

	<u>2014</u>			<u>2013</u>
	<u>Enterprise Funds</u>			<u>Total Enterprise Funds</u>
	<u>Sewer Operating Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total Enterprise Funds</u>	
OPERATING REVENUES				
Charges for services	\$ 3,545,750	\$ 1,068,231	\$ 4,613,981	\$ 3,966,971
Other operating revenue	185,522	4,343	189,865	139,876
Total operating revenues	<u>3,731,272</u>	<u>1,072,574</u>	<u>4,803,846</u>	<u>4,106,847</u>
OPERATING EXPENSES				
Personal services	431,912	-	431,912	356,450
Contractual services	1,816,976	1,063,586	2,880,562	2,627,461
Utilities	6,267	-	6,267	5,766
Repairs and maintenance	184,790	-	184,790	146,872
Other supplies and expenses	46,304	265	46,569	50,905
Depreciation	240,104	-	240,104	233,165
Total operating expenses	<u>2,726,353</u>	<u>1,063,851</u>	<u>3,790,204</u>	<u>3,420,619</u>
Operating income (loss)	<u>1,004,919</u>	<u>8,723</u>	<u>1,013,642</u>	<u>686,228</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	7,053	-	7,053	6,859
Amortization	-	-	-	(20,888)
Equity interest in joint venture operating income (loss)	745,239	-	745,239	(19,135)
Gain (loss) on refunding of debt	-	-	-	(162,368)
Gain (loss) on sales of assets	6,000	-	6,000	(169,440)
Interest expense	(95,965)	-	(95,965)	(120,318)
Total non-operating revenues (expenses)	<u>662,327</u>	<u>-</u>	<u>662,327</u>	<u>(485,290)</u>
Income (loss) before capital grants and transfers	1,667,246	8,723	1,675,969	200,938
CAPITAL GRANTS	-	-	-	15,474
TRANSFER IN	-	-	-	<u>1,640,319</u>
CHANGE IN NET POSITION	1,667,246	8,723	1,675,969	1,856,731
NET POSITION, BEGINNING OF YEAR				
As previously reported	13,045,821	(38,512)	13,007,309	11,150,578
Prior period adjustment	(47,731)	-	(47,731)	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>12,998,090</u>	<u>(38,512)</u>	<u>12,959,578</u>	<u>11,150,578</u>
NET POSITION, END OF YEAR	<u>\$ 14,665,336</u>	<u>\$ (29,789)</u>	<u>\$ 14,635,547</u>	<u>\$ 13,007,309</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, 2014
(With Comparative Totals for the Year Ended April 30, 2013)

	2014			2013
	Enterprise Funds			Total Enterprise Funds
	Sewer Operating Fund	Refuse Disposal Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,486,008	\$ 1,058,464	\$ 4,544,472	\$ 4,063,869
Other receipts	185,522	4,343	189,865	139,876
Payments to suppliers	(2,278,932)	(1,057,965)	(3,336,897)	(2,639,876)
Payments to employees	(427,950)	-	(427,950)	(360,999)
Net cash provided by (used in) operating activities	<u>964,648</u>	<u>4,842</u>	<u>969,490</u>	<u>1,202,870</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments from (to) other funds, net	(338,696)	(154,294)	(492,990)	(613,712)
Net cash provided by (used in) noncapital financing activities	<u>(338,696)</u>	<u>(154,294)</u>	<u>(492,990)</u>	<u>(613,712)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the sale of capital assets	6,000	-	6,000	455,000
Purchase of capital assets	(535,667)	-	(535,667)	(163,017)
Principal paid on capital debt	(235,000)	-	(235,000)	(225,000)
Interest paid on capital debt	(85,169)	-	(85,169)	(139,559)
Proceeds from capital grants	-	-	-	15,474
Net cash used in capital and related financing activities	<u>(849,836)</u>	<u>-</u>	<u>(849,836)</u>	<u>(57,102)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale or maturity of investments	-	-	-	363,222
Interest received	7,053	-	7,053	7,765
Purchases of investments	(6,990)	-	(6,990)	(370,987)
Net cash provided by (used in) investing activities	<u>63</u>	<u>-</u>	<u>63</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(223,821)</u>	<u>(149,452)</u>	<u>(373,273)</u>	<u>532,056</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>261,809</u>	<u>313,848</u>	<u>575,657</u>	<u>43,601</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 37,988</u>	<u>\$ 164,396</u>	<u>\$ 202,384</u>	<u>\$ 575,657</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,004,919	\$ 8,723	\$ 1,013,642	\$ 686,228
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation expense	240,104	-	240,104	233,165
Changes in assets and liabilities				
Accounts receivable, net	(72,546)	(9,767)	(82,313)	96,898
Prepaid expense	(123,413)	-	(123,413)	90,385
Accounts payable	(88,378)	5,886	(82,492)	100,743
Accrued payroll expenses	3,962	-	3,962	(2,299)
Accrued compensated absences	-	-	-	(2,250)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 964,648</u>	<u>\$ 4,842</u>	<u>\$ 969,490</u>	<u>\$ 1,202,870</u>
NON-CASH FINANCING AND INVESTING ACTIVITIES				
Increase in investment in joint venture	\$ 745,239	\$ -	\$ 745,239	\$ (19,135)
Amortization of loss on refunding of debt	\$ 14,358	\$ -	\$ 14,358	\$ (1,640,319)

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

**VILLAGE OF BOURBONNAIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2014**

	Pension (and other employee benefit)		Agency Funds	
	Trust Funds		Building	Community
	Police Pension Fund	Deferred Compensation Plan	Escrow Fund	Fund
ASSETS				
Cash and cash equivalents	\$ 532,027	\$ -	\$ 16,183	\$ 5,427
Interest receivable	9,239	-	-	-
Other receivables	-	-	8,082	-
Investments, at fair value				
Certificates of deposit	163,039	-	-	-
Mortgage and asset backed securities	2,662,008	-	-	-
U.S. Government Bonds and GSE Bonds	1,086,336	-	-	-
Mutual funds	6,665,859	-	-	-
Investment contract with insurance company	-	1,343,259	-	-
Prepaid benefits	31,405	-	-	-
Total Assets	<u>11,149,913</u>	<u>1,343,259</u>	<u>24,265</u>	<u>5,427</u>
LIABILITIES				
Accounts payable	5,035	-	225	-
Due to other related entities	-	-	2,146	-
Refunds payable and other liabilities	-	-	21,894	5,427
Total Liabilities	<u>5,035</u>	<u>-</u>	<u>24,265</u>	<u>5,427</u>
NET POSITION				
Net position restricted for pension benefits and other purposes	<u>\$ 11,144,878</u>	<u>\$ 1,343,259</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 POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2014**

	Pension (and other employee benefit) Trust Funds	
	Police Pension Fund	Deferred Compensation Plan
ADDITIONS		
Contributions		
Employer	\$ 427,079	\$ -
Plan members	<u>203,809</u>	<u>90,928</u>
Total contributions	<u>630,888</u>	<u>90,928</u>
Investment income		
Net increase (decrease) in fair value of investments	652,773	101,807
Interest	180,285	-
Dividends	<u>64,449</u>	<u>-</u>
	897,507	101,807
Less investment expenses	<u>4,497</u>	<u>-</u>
Net investment income (loss)	<u>893,010</u>	<u>101,807</u>
Total additions (reductions)	<u>1,523,898</u>	<u>192,735</u>
DEDUCTIONS		
Administrative expenses	19,398	141
Benefits paid to participants	503,109	7,948
Refund of contributions	<u>3,606</u>	<u>117,532</u>
Total deductions	<u>526,113</u>	<u>125,621</u>
NET INCREASE (DECREASE)	997,785	67,114
NET POSITION RESTRICTED FOR PENSION BENEFITS AND OTHER PURPOSES		
BEGINNING OF YEAR	<u>10,147,093</u>	<u>1,276,145</u>
END OF YEAR	<u>\$ 11,144,878</u>	<u>\$ 1,343,259</u>

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

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

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 required by accounting principles generally accepted in the United States of America, these financial statements present the financial position, results of operations, and cash flows of the Village of Bourbonnais and any component units. The criteria used to determine if a legally separate organization’s financial statements should be included and the manner in which they should be displayed center on the nature of financial accountability. Among factors determining this financial accountability include the degree to which the governing body is controlled by the Village as manifested by the ability to appoint a majority of its voting board, approval of its budget, the degree to which it provides a financial benefit or burden to the Village or the extent to which it is fiscally dependent. No component units were deemed to be present for the fiscal year ended April 30, 2014.

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 Position 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 remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. For the year ended April 30, 2014, the Village has reported all funds as major.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2013, which will be collected in fiscal year ended April 30, 2015, are recorded as receivables and recognized in the year ended April 30, 2014. 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.

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.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 paid to the Village 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 if they are expected to be received by the Village within sixty days. 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 inflows of resources on its financial statements. Deferred inflows of resources arise when potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred inflows of resources 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 and the revenue becomes available.

New Accounting Pronouncements

The Village has adopted GASB Statement No. 61, *Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and GASB Statement No. 66, *Technical Correction – 2012 – an Amendment of GASB Statements No. 10 and No. 62* during the year ended April 30, 2014.

The Village will be required to implement GASB Statement No. 67, *Financial Reporting for Pensions – an Amendment of GASB Statement No. 25* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* during the fiscal year ended April 30, 2015. The Village has not yet evaluated the impact of adopting these future pronouncements on the Village's financial statements.

The Village will be required to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* during the fiscal year ended April 30, 2016. The Village has not yet evaluated the impact of adopting these future pronouncements on the Village's financial statements.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

There were no funds that had an excess of expenditures/expenses over budgeted amounts for the year ended April 30, 2014.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of 90 days 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.

Investment in Joint Venture

The investment in joint venture is reported using the equity method of accounting.

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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Expense

Prepaid expense consists of certain payments to vendors which reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

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 position in the Proprietary Fund Statement of Net Position.

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

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has one item that qualifies for reporting in this category. It is the unamortized loss on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. An unamortized loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one item which qualifies for reporting in this category. Under the modified accrual basis of accounting, unavailable tax revenue is reported only in the governmental funds balance sheet. The governmental funds balance sheet reports unavailable tax revenue from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

Long-Term Debt, Bond Premiums, Discounts and Prepaid Debt Service Insurance

In the government-wide and proprietary fund financial statements, outstanding debts are reported as liabilities. Bond premiums and discounts, as well as prepaid debt service insurance, 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. Prepaid debt service insurance is reported as an asset and amortized over the term of the related debt.

In the fund financial statements, governmental 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.

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).

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Balances

Fund Balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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 position 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 a governmental fund's net position that are subject to external enforceable legal restrictions. Amounts reported as restricted include fund balances that are restricted for capital projects, economic development and public safety.

Committed Fund Balance – the portion of a governmental fund's net position 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 position 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 Position

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.

Restricted - This consists of the portion of net position that is 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 the portion of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deficit Fund Balances/Net Position

The following funds had a deficit fund balance/net position for the year ended April 30, 2014:

<u>Fund</u>	<u>Deficit</u>
Refuse Disposal Fund	\$ 29,789

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 2013 were due, payable, and collected in two installments in June and September of 2014. The Village normally receives these taxes in July, August, September, October and November of the year collected.

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 2013 financial statement amounts in order to conform with the 2014 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 manages its investments in accordance with the regulations prescribed by the Illinois Pension Code.

The Village'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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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

Carrying amount of Deposits	\$ 8,560,936
Carrying amount of Investments	617,205
Total	<u>\$ 9,178,141</u>

Cash and Cash Equivalents	\$ 4,574,437
Investments	4,603,704
Total	<u>\$ 9,178,141</u>

Deposits

At April 30, 2014, the carrying amount of the Village's deposits with financial institutions for governmental and business-type activities was \$8,560,936 and the bank balance was \$8,610,950. 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, 2014, all deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pledged collateral.

At April 30, 2014, the carrying amount of deposits of fiduciary activities was \$287,439 and the bank balance was \$290,482. At certain times during the fiscal year, bank balances exceeded FDIC limits. At April 30, 2014, all fiduciary deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pledged collateral.

Investments

At April 30, 2014, the carrying amount (and market value) of the Village's investments for governmental and business-type activities was \$617,205. 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, 2014.

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, 2014**

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, 2014 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	\$ 2,662,008	\$ -	\$ -	\$ -	\$ 2,662,008
U.S. Government Bonds and GSE Bonds	1,086,336	-	-	1,086,336	-
Mutual Funds	6,665,859	6,665,859	-	-	-
Money Market	429,237	429,237	-	-	-
Total	\$10,843,440	\$7,095,096	\$ -	\$ 1,086,336	\$ 2,662,008

The Fund's investments at April 30, 2014 include uninsured and unregistered investments for which the securities are held by the broker, dealer's trust department or an 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, 2014, the Fund held the following investments which are subject to credit risk.

<u>Investment Type</u>	<u>Standard & Poor's Rating</u>	<u>2014 Fair Market Value</u>
U.S. Treasury Strips	Not Rated	\$ 1,086,336
FNMA Mortgage and Asset Backed Securities	Not Rated	308,466
GNMA Mortgage and Asset Backed Securities	*	1,873,047
FHLMC Mortgage and Asset Backed Securities	AA+	480,495
Total		\$ 3,748,344

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

Concentration of Credit Risk: As of April 30, 2014 more than five percent of the Fund's investments are in the Government National Mortgage Association and U.S. Treasury Strips.

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, 2014**

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, 2014:

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>
Europacific Growth Fund	Various	N/A	<u>\$ 913,704</u>
Total			<u>\$ 913,704</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, 2014 is as follows:

	<u>Total Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
Taxes receivable	\$ 2,571,188	\$ -	\$ 2,571,188
Other receivables	2,244	-	2,244
Interest receivable	1,676	-	1,676
Business-Type Activities:			
Sewer services	343,022	8,597	334,425
Refuse disposal services	28,508	9,634	18,874
Interest receivable	1,363	-	1,363
Total	<u>\$ 2,948,001</u>	<u>\$ 18,231</u>	<u>\$ 2,929,770</u>

Taxes receivable include amounts due from the County of Kankakee and the State of Illinois for property, sales, use 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, 2014**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2014, was as follows:

	Balance <u>May 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance <u>April 30, 2014</u>
Governmental activities:					
Land, non-depreciable	\$ 4,264,409	\$ -	\$ -	\$ -	\$ 4,264,409
Land improvements	9,101,445	114,580	-	-	9,216,025
Buildings and improvements	8,196,803	12,956	-	-	8,209,759
Construction in progress	167,436	2,484,779	-	-	2,652,215
Equipment	5,924,956	339,658	(25,529)	-	6,239,085
Streets and improvements	<u>10,485,172</u>	<u>87,006</u>	<u>-</u>	<u>-</u>	<u>10,572,178</u>
Total general fixed assets	38,140,221	3,038,979	(25,529)	-	41,153,671
Less accumulated depreciation	<u>17,145,949</u>	<u>1,213,809</u>	<u>(25,529)</u>	<u>-</u>	<u>18,334,228</u>
Governmental activities, capital assets, net	<u>\$20,994,272</u>				<u>\$ 22,819,443</u>
Business-type activities:					
Land and improvements	\$ 9,976,273	\$ 28,213	\$ -	\$ -	\$10,004,486
Buildings and improvements	250,000	8,500	-	-	258,500
Construction in progress	-	364,864	-	-	364,864
Equipment	<u>434,129</u>	<u>134,090</u>	<u>-</u>	<u>-</u>	<u>568,219</u>
Total proprietary fixed assets	10,660,402	535,667	-	-	11,196,069
Less accumulated depreciation	<u>2,956,971</u>	<u>240,104</u>	<u>-</u>	<u>-</u>	<u>3,197,075</u>
Business-type activities, Capital assets, net	<u>\$ 7,703,431</u>				<u>\$ 7,998,994</u>
Total capital assets, Net of depreciation	<u>\$28,697,703</u>				<u>\$30,818,437</u>

Note: The May 1, 2013 balances above include the prior period adjustment related to capital assets that is described in Note 18.

NOTE 5 – INTERFUND BALANCES AND ACTIVITY

Balances Due to/from Other Funds

Balances due to/from other funds at April 30, 2014, consist of the following:

Due to other funds, Governmental Funds	<u>\$ (488,871)</u>
Due from other funds, Proprietary Funds	<u>\$ 491,017</u>
Due to other funds, Fiduciary Funds	<u>\$ (2,146)</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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 5 – INTERFUND BALANCES AND ACTIVITY (continued)

Transfers to/from Other Funds

There were no transfers to/from other funds during the fiscal year ended April 30, 2014.

NOTE 6 – LONG-TERM OBLIGATIONS

Bonds have been issued to provide funds for redevelopment projects, for the advance refunding of bonds previously issued for Motor Fuel Tax Fund and Sewer Operating Fund projects, and for capital projects related to the Sewer Operating Fund.

Long-term debt issued and outstanding as of April 30, 2014 is comprised of the following:

\$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.

\$4,255,000 General Obligation Bonds (Sales Tax Alternative Revenue source), Series 2012A due in annual installments of \$70,000 to \$270,000 through December 1, 2032 with interest at 2.0% to 3.45%, payable semiannually.

\$1,645,000 General Obligation Bonds (Sewerage Alternative Revenue source), Series 2012B due in annual installments of \$150,000 to \$200,000 through December 1, 2020 with interest at 2.0% to 2.5%, payable semiannually.

Advance Refunding of Debt

In prior years, the Village defeased the remaining 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. During fiscal year 2014, the remaining \$3,125,000 of defeased bonds from the Sewerage Revenue Refunding Bonds (Series 2001) were fully extinguished.

In August of 2012, the Village defeased the remaining portion of the General Obligation Bonds (Motor Fuel Taxes Alternative Revenue source), Series 2003 by placing the proceeds of a new bond issue in escrow to provide for future debt service payments on the issue. During fiscal year 2014, the remaining \$1,240,000 of defeased bonds from the General Obligation Bonds (Motor Fuel Taxes Alternative Revenue source), Series 2003 were fully extinguished.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

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, 2014, the debt service coverage ratio was 3.89.

The Village is required by bond covenants of the General Obligation Bonds (Sales Tax Alternative Revenue source), Series 2012A to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2014, the debt service coverage ratio was 10.84.

The Village is required by bond covenants of the General Obligation Bonds (Sewerage Alternative Revenue source), Series 2012B to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2014, the debt service coverage ratio was 6.09.

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, 2014, the conduit debt obligation outstanding was \$41,600,000. 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, 2014, the conduit debt obligation outstanding was \$33,855,000. The Village has no obligation for this debt.

In June 2013, the Village issued \$20,000,000 in industrial project revenue bonds for the express purpose of providing capital financing to Olivet Nazarene University. Principal payments begin November 1, 2037. At April 30, 2014, the conduit debt obligation outstanding was \$20,000,000. The Village has no obligation for this debt.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Changes in long-term obligations for the year ended April 30, 2014 are as follows:

	May 1, 2013	Increases	Decreases	April 30, 2014	Due Within One Year
Governmental activities:					
Bonds Payable:					
General Obligation Bonds, Series 2012A	\$ 4,185,000	\$ -	\$ (75,000)	\$ 4,110,000	\$ 190,000
General Obligation Bonds, Series 2012B	1,495,000	-	(175,000)	1,320,000	180,000
Total bonds principal	5,680,000	-	(250,000)	5,430,000	370,000
Unamortized premium on bond issuance	82,454	-	(8,592)	73,862	-
Total bonds payable	5,762,454	-	(258,592)	5,503,862	370,000
Capital lease	40,754	126,251	(67,564)	99,441	23,737
Compensated absences	573,574	74,791	-	648,365	-
Total long-term debt	<u>\$ 6,376,782</u>	<u>\$ 201,042</u>	<u>\$ (326,156)</u>	<u>\$ 6,251,668</u>	<u>\$ 393,737</u>
Business-type activities:					
Bonds Payable:					
Sewerage Refunding Revenue Bonds (2006)	\$ 2,155,000	\$ -	\$ (235,000)	\$ 1,920,000	\$ 240,000
Total bonds principal	2,155,000	-	(235,000)	1,920,000	240,000
Compensated absences	8,421	-	-	8,421	-
Total long-term debt	<u>\$ 2,163,421</u>	<u>\$ -</u>	<u>\$ (235,000)</u>	<u>\$ 1,928,421</u>	<u>\$ 240,000</u>

Note: The May 1, 2013 balances above do not include the unamortized loss on refunding which is stated separately on the Statement of Net Position as a deferred outflow of resources in accordance with GASB Statement No. 65.

Debt Service Requirements

Debt service requirements on bonds outstanding at April 30, 2014 are as follows:

Year ending April 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 370,000	\$ 140,990	\$ 240,000	\$ 72,000
2016	375,000	133,590	255,000	63,840
2017	390,000	126,090	265,000	55,575
2018	390,000	118,290	275,000	45,820
2019	395,000	110,490	285,000	35,843
2020-2024	1,510,000	414,325	600,000	36,881
2025-2029	1,280,000	242,293	-	-
2030-2032	720,000	64,225	-	-
	<u>\$ 5,430,000</u>	<u>\$ 1,350,293</u>	<u>\$ 1,920,000</u>	<u>\$ 309,959</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

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, 2014.

Assessed valuation - 2012 levy year	\$ 315,103,352
Less Tax Increment Financing Districts	<u>1,079,377</u>
Assessed valuation, net of abatements	<u>\$ 314,023,975</u>
 Statutory debt limit - 8.625% of assessed valuation	 <u>\$ 27,084,568</u>
 Total debt:	
General Obligation Bonds, Series 2012A	\$ 4,110,000
General Obligation Bonds, Series 2012B	<u>1,320,000</u>
Total debt	<u>\$ 5,430,000</u>
 Legal debt margin	 <u>\$ 21,654,568</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 supplementary information (RSI). 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 2013 was 13.72 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, 2014**

NOTE 7 – PENSION PLANS (continued)

Annual Pension Cost – The Village’s required contribution for the year ended April 30, 2014 was \$264,015.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2014	\$ 264,015	100%	\$ -
4/30/2013	\$ 265,938	100%	\$ -
4/30/2012	\$ 238,069	100%	\$ -

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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, 2011 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, 2013, the most recent actuarial valuation date, the Regular plan was 70.60 percent funded. The actuarial accrued liability for benefits was \$5,251,138 and the actuarial value of assets was \$3,707,135, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,544,003. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,979,533 and the ratio of the UAAL to the covered payroll was 78 percent.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets 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 September 9, 2014. A copy of that report may be obtained by contacting the Village of Bourbonnais.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

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 – The Village’s required contribution for fiscal year 2014 was \$425,667 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 for that year.

Three-Year Trend Information for the Police Pension Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2014	\$ 425,667	100%	\$ -
4/30/2013	\$ 400,372	100%	\$ -
4/30/2012	Unknown	Unknown	Unknown

Funded Status and Funding Progress - As of April 30, 2013, the most recent actuarial valuation date, the police pension plan was 73.22 percent funded. The actuarial accrued liability for benefits was \$13,891,882 and the actuarial value of assets was \$10,171,618, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,720,264. The covered payroll (annual payroll of active employees covered by the plan) was \$1,534,174 and the ratio of the UAAL to the covered payroll was 242.49 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, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included (a) 6.5 percent investment rate of return and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) included a cost of living adjustment of 1.25 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, 2013 was approximately 27 years.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

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, 2014, membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	-
Active plan members	<u>101</u>
Total	<u>104</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, 2014, the Village contributed \$33,311 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, 2014**

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, 2014 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, 2014. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for April 30, 2014 were as follows:

Year Ending April 30,	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 261,566	\$ 33,311	12.7%	\$ 571,627
2013	\$ 279,576	\$ 35,108	12.6%	\$ 343,372
2012	\$ 35,612	\$ 5,336	15.0%	\$ 98,904

The net OPEB obligation as of April 30, 2014, was calculated as follows:

Annual required contribution	\$ 262,239
Interest on net OPEB obligation	18,885
Adjustment to annual required contribution	<u>(19,558)</u>
Annual OPEB cost	261,566
Age adjusted contributions made	<u>(33,311)</u>
Change in net OPEB obligation	228,255
Net OPEB obligation, beginning of year	<u>343,372</u>
Net OPEB obligation, end of year	<u>\$ 571,627</u>

Funded Status and Funding Progress

The Funded status of the plan as of April 30, 2014 was as follows:

Actuarial accrued liability (AAL)	\$ 2,857,074
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,857,074</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 3,188,482
UAAL as a percentage of covered payroll	89.61%

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

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, 2014 valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate starting at 7.0% initially and 5.2% ultimately. Both rates include a 2.5% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2014, was 25 years.

NOTE 9 – AGENCY 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, 2014 was \$5,427. 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, 2014 was \$21,894.

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, 2014**

NOTE 10 – REDEVELOPMENT CONTRACTS (continued)

On December 30, 2013, the Village, through its Tax Increment Financing Redevelopment Plan, entered into a redevelopment contract where the Village has agreed to convey certain real property to the developer and that the Village will initially pay to construct a private access road with an estimated cost of \$257,000. This private access road will provide access to certain real property to be owned by the developer and other real property located adjacent to that property. The developer is required to reimburse the Village for 36 percent of the costs of construction of the private access road by making five equal payments to the Village over a five year period. The Developer is required to pay all plan review fees and sewer tap on fees charged by the Village.

This agreement is contingent upon the Developer determining that the redevelopment project as described in the agreement is economically feasible and that suitable and affordable financing is available. In addition, the agreement is contingent upon the Village and the Developer agreeing to and recording restrictive covenants on the real property described in the agreement. If any of these contingencies are not met, either the Village or the Developer may declare the agreement null and void.

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, 2014 are not determinable.

NOTE 12 – CAPITAL LEASE OBLIGATIONS

The Village leases equipment with an original cost of \$130,751 and accumulated depreciation of \$13,075 under a capital lease arrangement at April 30, 2014. Future minimum lease payments at April 30, 2014 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 26,810
2016	26,810
2017	26,810
2018	<u>26,810</u>
Total minimum lease payments	107,240
Less: amounts representing interest	<u>7,799</u>
Present value of minimum lease payments	<u>\$ 99,441</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 13 – 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 \$205,903.

On October 23, 2013, the Village entered into an intergovernmental agreement with the State of Illinois, Department of Transportation for the construction of an interchange at Interstate 57 and reconstruction of Bourbonnais Parkway. Under this agreement the Village is required to reimburse the State for an estimated \$730,000 of construction costs.

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, 2014, the Village's net investment in the joint venture was \$5,928,917. Charges for services to the Village during the year ended April 30, 2014 were \$1,686,519.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 14 – INTERGOVERNMENTAL JOINT VENTURE (continued)

The amounts included below for the Kankakee River Metropolitan Agency were derived from financials statement that were audited by other auditors whose report has been furnished to us. We did not audit the financial statements of the Kankakee River Metropolitan Agency. 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, 2014 is as follows:

Statement of Revenues, Expenses and	
<u>Changes in Net Position:</u>	
Operating revenues	\$ 10,923,841
Operating expenses	(7,328,227)
Non-operating income (expenses)	(879,707)
Prior period adjustment	<u>(208,374)</u>
Change in net position	2,507,533
Ownership percentage	29.72%
Village's share of net income (loss)	
(equity interest in joint venture's income or loss)	\$ <u>745,239</u>

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, 2014 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 ended 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. As of December 31, 2013, all funds held by the Special Tax Allocation Fund of the Village had been committed to projects allowed under the TIF Act.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

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. All segment reporting requirements are included in the fund financial statements. The following is a schedule of the pledged revenues and related debt:

Bond Issue	Purpose	Source of Revenue Pledged	Future Net Revenues Pledged (1)	Term of Commitment	Current Year Pledged Net Revenue to Debt Service (2)
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	\$ 2,229,959	2021	55.8%
General Obligation Bonds, Series 2012A	Capital projects and to advance refund the series 2003 Motor Fuel Tax General Obligation Bonds	All sales, use and property taxes collected by the Village	\$ 5,335,193	2032	80.5%
General Obligation Bonds, Series 2012B	To advance refund the remaining portion of the Series 2001 revenue bonds	Moneys to the credit of the Surplus account of the Sewer Fund, and advalorem taxes levied against all property in the Village	\$ 1,445,100	2021	166.9%

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

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

NOTE 17 – INTERGOVERNMENTAL REVENUE

As of April 30, 2014, intergovernmental revenue reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance consisted of the following:

	2014			Total	2013
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund		
State income tax	\$ 1,537,742	\$ -	\$ -	\$ 1,537,742	\$ 1,762,818
State sales tax	2,497,911	193,677	-	2,691,588	3,324,307
State use tax	309,692	-	-	309,692	296,765
Motor fuel tax	-	-	480,968	480,968	443,652
Other	46,701	-	-	46,701	68,606
Total	\$ 4,392,046	\$ 193,677	\$ 480,968	\$ 5,066,691	\$ 5,896,148

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014**

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

During the year ended April 30, 2014, the Village determined that a certain capital asset constructed in previous years was not recorded in the Statement of Net Position as of April 30, 2013. This error caused total assets to be understated and net position to be understated by \$1,942,670. The Village has recorded a prior period adjustment as of May 1, 2013 in order to correct this error.

During the year ended April 30, 2014, the Village has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As a result of implementing this statement, the Village has recorded prior period adjustments as of May 1, 2013 to expense the unamortized cost of issuance reported in both governmental activities and business-type activities.

The effect of these prior period adjustments was to increase net position as follows:

Description of Adjustment	Governmental Activities	Business-type Activities	Total
Capital assets, net of accumulated depreciation	\$ 1,942,670	\$ -	\$ 1,942,670
Unamortized issuance cost	(77,566)	(47,731)	(125,297)
Net effect of prior period adjustments	<u>\$ 1,865,104</u>	<u>\$ (47,731)</u>	<u>\$ 1,817,373</u>

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2014**

	2014		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 5,709,820	\$ 5,709,820	\$ 5,878,826
Fine revenue	154,200	154,200	192,874
Franchise taxes	290,000	290,000	295,828
Licenses revenue	32,400	32,400	31,850
Miscellaneous revenue	100,000	100,000	238,412
Permit revenue	124,700	124,700	335,691
Reimbursement revenue	491,857	491,857	77,561
Total revenues	<u>6,902,977</u>	<u>6,902,977</u>	<u>7,051,042</u>
EXPENDITURES			
President and Board of Trustees Department	96,835	96,835	97,737
Administrative Department	195,166	195,166	198,905
Community Development	74,911	74,911	81,289
Police Department	3,618,770	3,618,770	3,464,343
Public works Department	1,194,308	1,194,308	1,235,242
Code enforcement Department	273,710	273,710	271,637
Central services Department	1,333,676	1,333,676	942,123
Finance Department	235,064	235,064	237,491
Street Department	151,084	151,084	168,547
Parks Department	50,644	50,644	52,955
Capital projects	2,601,233	2,601,233	993,673
Debt service:			
Principal payments on debt	-	-	250,000
Interest and fiscal charges	-	-	146,640
Total expenditures	<u>9,825,401</u>	<u>9,825,401</u>	<u>8,140,582</u>
OTHER FINANCING SOURCES (USES)			
Capital lease financing	-	-	126,251
Proceeds from debt issue	2,601,233	2,601,233	-
Transfers in	321,189	321,189	-
Total other financing sources (uses)	<u>2,922,422</u>	<u>2,922,422</u>	<u>126,251</u>
Excess of revenues over (under) expenditures	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ (963,289)</u>

VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
SPECIAL TAX ALLOCATION FUND
FOR THE YEAR ENDED APRIL 30, 2014

	2014		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 247,267	\$ 247,267	\$ 277,792
Miscellaneous revenue	14,500	14,500	418
Total revenues	<u>261,767</u>	<u>261,767</u>	<u>278,210</u>
EXPENDITURES			
Highway and streets	61,000	61,000	386
Economic development	534,995	534,995	39,109
Legal and professional	17,000	17,000	8,799
Dues and seminars	825	825	650
Administrative and other	209,410	209,410	269,966
Engineering	3,000	3,000	-
Other capital projects	2,634,201	2,634,201	2,101,784
Total expenditures	<u>3,460,431</u>	<u>3,460,431</u>	<u>2,420,694</u>
OTHER FINANCING SOURCES (USES)			
Transfers in from reserves	<u>3,254,931</u>	<u>3,254,931</u>	-
Total other financing sources (uses)	<u>3,254,931</u>	<u>3,254,931</u>	-
Excess of revenues over (under) expenditures	<u>\$ 56,267</u>	<u>\$ 56,267</u>	<u>\$ (2,142,484)</u>

VILLAGE OF BOURBONNAIS REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
 MOTOR FUEL TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2014

	2014		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 449,007	\$ 449,007	\$ 480,968
Reimbursement revenue	149,000	149,000	189,909
Miscellaneous revenue	22,000	22,000	98
Total revenues	<u>620,007</u>	<u>620,007</u>	<u>670,975</u>
EXPENDITURES			
Contractual service	534,900	534,900	325,744
Commodities	66,500	66,500	86,210
Capital projects	-	-	91,635
Debt service:			
Interest and fiscal charges	-	-	464
Total expenditures	<u>601,400</u>	<u>601,400</u>	<u>504,053</u>
Excess of revenues over (under) expenditures	<u>\$ 18,607</u>	<u>\$ 18,607</u>	<u>\$ 166,922</u>

**VILLAGE OF BOURBONNAIS
NOTE TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2014**

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. 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, 2014**

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)
		Liability (AAL) - Entry Age (b)	Liability (AAL) - Entry Age (b)				
12/31/2013	\$ 3,707,135	\$ 5,251,138	\$ 1,544,003	70.60	\$ 1,979,533	78.00%	
12/31/2012	\$ 2,932,908	\$ 4,778,164	\$ 1,845,256	61.38	\$ 1,888,382	97.72%	
12/31/2011	\$ 3,091,917	\$ 4,918,906	\$ 1,826,989	62.86	\$ 1,887,795	96.78%	

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$4,363,465. On a market value basis, the funded ratio would be 83.10%. The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Bourbonnais. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

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)
		Liability (AAL) - Entry Age (b)	Liability (AAL) - Entry Age (b)				
4/30/2013	\$ 10,171,618	\$ 13,891,882	\$ 3,720,264	73.22	\$ 1,534,174	242.49%	
4/30/2012	\$ 9,596,915	\$ 12,353,234	\$ 2,756,319	77.69	\$ 1,611,804	171.01%	
4/30/2011	*	*	*	*	*	*	

* 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)
		Liability (AAL) - Entry Age (b)	Liability (AAL) - Entry Age (b)				
4/30/2013	\$ -	\$ 2,857,074	\$ 2,857,074	0.00	\$ 3,188,482	89.61%	
4/30/2012	\$ -	\$ 3,319,615	\$ 3,319,615	0.00	\$ 3,536,052	93.88%	
4/30/2011	\$ -	\$ 1,236,110	\$ 1,236,110	0.00	\$ 3,750,633	32.96%	

STATISTICAL SECTION

VILLAGE OF BOURBONNAIS
ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS (UNAUDITED)
FOR THE TAX LEVY YEARS 2004 - 2013

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
ASSESSED VALUATION	\$ 314,023,975	\$ 327,244,544	\$ 335,201,415	\$ 349,420,344	\$ 329,085,517	\$ 323,032,716	\$ 293,060,541	\$ 259,001,987	\$ 234,471,154	\$ 210,672,228
TAX RATES										
Corporate	0.1055	0.100	0.096	0.095	0.110	0.105	0.116	0.115	0.122	0.128
Emergency Services	0.0075	0.007	0.006	0.005	0.004	0.003	0.002	0.002	0.003	0.003
Street lighting	0.0371	0.035	0.033	0.031	0.031	0.029	0.029	0.032	0.030	0.034
Parks	0.0202	0.019	0.017	0.016	0.016	0.015	0.014	0.016	0.017	0.018
Police protection	0.0889	0.065	0.062	0.059	0.062	0.059	0.060	0.064	0.062	0.061
Police pension	0.0647	0.061	0.059	0.055	0.057	0.054	0.055	0.059	0.056	0.063
Audit	0.0117	0.011	0.011	0.010	0.009	0.008	0.007	0.008	0.008	0.009
Social security	0.0467	0.044	0.042	0.039	0.040	0.038	0.039	0.042	0.040	0.036
School crossing guard	0.0107	0.010	0.009	0.008	0.007	0.006	0.005	0.005	0.006	0.006
IMRF	0.0371	0.035	0.033	0.031	0.031	0.029	0.029	0.032	0.033	0.036
Liability insurance	0.0414	0.039	0.037	0.035	0.035	0.033	0.034	0.038	0.040	0.045
Worker's compensation	0.0054	0.005	0.004	0.004	0.003	0.002	0.001	0.001	0.001	0.001
Unemployment	0.0054	0.005	0.004	0.004	0.003	0.002	0.001	0.001	0.001	0.001
Total tax rates	0.4623	0.436	0.413	0.392	0.408	0.383	0.392	0.415	0.419	0.441

TAX EXTENSIONS

Corporate	\$ 331,295	\$ 327,245	\$ 321,793	\$ 332,093	\$ 325,795	\$ 339,175	\$ 339,950	\$ 297,852	\$ 286,055	\$ 269,660
Emergency Services	23,552	22,907	20,112	17,479	13,163	9,691	5,861	5,180	7,034	6,320
Street lighting	116,503	114,536	110,617	108,367	95,435	93,677	84,988	82,881	70,341	71,629
Parks	63,433	62,176	56,984	55,931	49,363	48,454	41,028	41,440	39,860	37,921
Police protection	216,363	212,709	207,825	206,247	190,870	190,584	175,836	165,761	145,372	128,510
Police pension	203,173	199,619	197,769	192,284	177,706	174,433	161,183	152,811	131,304	132,724
Audit	36,741	35,997	36,872	34,957	29,618	25,842	20,514	20,720	18,758	16,961
Social security	146,649	143,988	140,785	136,333	125,053	122,749	114,294	108,781	93,788	75,842
School crossing guard	33,601	32,724	30,168	27,966	23,036	19,381	14,653	12,950	14,068	12,640
IMRF	116,503	114,536	110,616	108,367	95,435	93,677	84,988	82,881	77,375	75,842
Liability insurance	130,006	127,625	124,025	122,350	108,598	106,598	99,640	98,421	93,788	94,803
Worker's compensation	16,957	16,362	13,408	13,983	9,872	6,460	2,931	2,590	2,345	2,107
Unemployment	16,957	16,362	13,408	13,983	9,872	6,460	2,931	2,590	2,345	2,107
Total tax extensions	\$ 1,451,733	\$ 1,426,786	\$ 1,384,382	\$ 1,370,320	\$ 1,253,816	\$ 1,237,181	\$ 1,148,797	\$ 1,074,858	\$ 982,433	\$ 929,066

TAX COLLECTIONS

General fund	\$ 1,418,923	\$ 1,372,277	\$ 1,372,277	\$ 1,354,384	\$ 1,246,735	\$ 1,229,453	\$ 1,139,895	\$ 1,061,904	\$ 972,528	\$ 915,450
Road and bridge collections	29,300	29,300	26,581	27,724	16,342	12,853	23,382	23,133	23,232	25,046
Total tax collections	\$ 1,448,223	\$ 1,448,223	\$ 1,398,858	\$ 1,382,108	\$ 1,263,077	\$ 1,242,306	\$ 1,163,277	\$ 1,085,037	\$ 995,760	\$ 940,496
Percentage of Village levy collected	99.4%	99.4%	99.1%	98.8%	99.4%	99.2%	98.8%	99.0%	98.5%	98.8%



Certified Public Accountants & Consultants

200 East Court Street • Suite 608 • Kankakee, IL 60901
815.933.1771 • fax: 815.933.1163

**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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Bourbonnais, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise Village of Bourbonnais, Illinois' basic financial statements and have issued our report thereon dated December 3, 2014. Our report includes a reference to other auditors who audited the financial statements of the Kankakee River Metropolitan Agency, as described in our report on the Village of Bourbonnais, Illinois' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance or other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Bourbonnais, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Bourbonnais, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Bourbonnais, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in findings 14-1 and 14-2 in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Bourbonnais, Illinois' financial statements are free from 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*.

Village of Bourbonnais, Illinois' Response to Findings

Village of Bourbonnais, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings. Village of Bourbonnais, Illinois' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Borschnack, Pelletier + Co.

December 3, 2014

**VILLAGE OF BOURBONNAIS
SCHEDULE OF FINDINGS
APRIL 30, 2014**

FINDING 14-1: 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, 2014. 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 certain yearend balances, to prepare financial statements and to prepare disclosures in accordance with accounting principles generally accepted in the United States of America. Certain accounts within the Village of Bourbonnais' accounting records have essentially been maintained on the cash basis of accounting and required adjustments to convert the account balances to the accrual basis of accounting.

Effect

Not preparing financial statements in accordance with accounting principles generally accepted in the United State of America results in the inaccurate reporting of financial information.

Recommendation

We recommend the Village reconcile all account balances to detailed records 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, 2014**

FINDING 14-2: CAPITAL ASSET ADDITIONS NOT RECORDED

Condition

During our audit we noted that the Village of Bourbonnais (Village) had previously failed to record a capital asset that was acquired in a previous year via an intergovernmental agreement with the State of Illinois, Department of Transportation (IDOT). The agreement states that IDOT was to pay 80 percent of the construction cost of a street known as Burns Road Phase I. The total construction costs (before depreciation) of the street paid for by IDOT was \$2,011,598.

A prior period adjustment has been proposed to Village management and has been approved for posting to the Village's accounts by Village management.

Cause

Village management typically reviews expenditures recorded in the general ledger at yearend to determine capital asset activity that should be reflected in the financial statements. Village officials stated that not recording the portion of the street constructed by IDOT was an accounting oversight.

Effect

Not recording capital assets in accordance with accounting principles generally accepted in the United State of America results will cause capital assets to be understated.

Recommendation

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



Certified Public Accountants & Consultants

200 East Court Street • Suite 608 • Kankakee, IL 60901
815.933.1771 • fax: 815.933.1163

December 3, 2014

To the Board of Trustees and management
of the 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 for the year ended April 30, 2014 and have issued our report thereon dated December 3, 2014. 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.

In planning and performing our audit, we considered the Village of Bourbonnais' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. The following is a description of the matters noted:

Accounts Payable System

The Village does not currently maintain a perpetual accounts payable system. However, the Village does record accounts payable as of April 30 of each year to ensure accurate reporting in the Village's financial statements.

Capital Assets Inventory

The Village currently does not maintain a complete capital assets inventory. The Village does maintain a list of capital assets that are currently being depreciated. However, the Village does not maintain a list of capital assets that are fully depreciated and therefore cannot perform an annual physical inventory to ensure that capital assets have not been misappropriated.

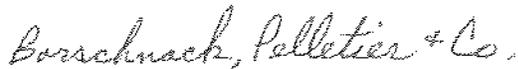
Board of Trustees
Village of Bourbonnais
December 3, 2014
Page 2

As auditors, we have previously been able to rely on prior audits for a beginning balance. We then can test the activity (additions and deletions) during the current year to determine if the Village's capital assets are accurately stated on the Village's financial statements. Changes in accounting standards will require the Village to create a capital asset inventory as any successor auditors will no longer be able to rely upon a predecessor auditor's work to the same extent.

In addition, we identified certain material weaknesses that have been reported to you in our 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.

This communication is intended solely for the information and use of management and the Board of Trustees of the Village of Bourbonnais and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Borschnack, Pelletier & Co.