



VILLAGE OF FREEBURG, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
MARCH 31, 2015

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VILLAGE OF FREEBURG, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board
of Trustees of the Village of
Freeburg, Illinois:

We have audited the accompanying financial statements of the Village of Freeburg, Illinois as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the governmental funds financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the governmental fund financial statements in the circumstances. Management is also responsible for the preparation and fair presentation of the business-type and proprietary fund financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities (modified cash basis), the business-type activities (accrual basis), each major fund and the non-major fund information of the Village of Freeburg, Illinois, as of March 31, 2015, and the respective changes in financial position and, where applicable, cash flows (Governmental activities - modified cash basis, Business-type activities – accrual basis) thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 11, the schedule of funding progress and employer contributions on page 38 and the budgetary comparison information on page 37, 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 Freeburg, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

C. J. Schuman & Co. LLC

Certified Public Accountants
Alton, Illinois

August 15, 2015

VILLAGE OF FREEBURG, ILLINOIS **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Village of Freeburg, Illinois' (Village) annual audit presents a management's discussion and analysis of the Village's financial activity during the fiscal year ended March 31, 2015. The Management's Discussion and Analysis (MD&A) is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the Village.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the Village's basic financial statements. There are three components to the basic financial statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information/other information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude any fiduciary fund activities.

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, highways and streets, sanitation and development. The business-type activities include water, sewer, electric light and power, and swimming pool.

The statement of net position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. Changes in net position are reported on the modified cash basis of accounting for the governmental activities and the accrual basis of accounting for the business-type activities.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental and proprietary.

Governmental Funds. Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financial decisions. Both the governmental fund statement of assets, liabilities and fund balances arising from modified cash basis transactions and the governmental fund statement of revenues and expenditures arising from modified cash basis transactions provide a reconciliation to facilitate this comparison between the governmental funds and the government-wide governmental activities.

The Village maintains four individual governmental funds. Information is presented separately in the governmental funds statement of assets, liabilities and fund balances arising from modified cash basis transactions and in the governmental fund statement of revenues and expenditures arising from modified cash basis transactions for the major fund: General Fund. Data for the other nonmajor governmental funds are combined in the supplementary information and reported in total in a separate column.

The Village adopts an annual budget for all governmental funds. A budgetary comparison schedule for the General Fund has been provided to demonstrate legal compliance with the adopted budget.

Proprietary funds. Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for its water, sewer, electric light and power, and swimming pool operations.

Notes to the basic 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.

Required supplementary information/Other Information. The Village reports budgetary comparison and retirement funding progress related to IMRF as required supplementary information/other information following the notes to the financial statements.

Other supplementary information. The combining fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Village has presented its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$10,443,165 at the close of the most recent fiscal year.

The largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Current and other assets	\$ 1,753,479	\$ 1,225,697	\$ 4,269,519	\$ 4,188,184	\$ 6,022,998	\$ 5,413,881
Capital assets	790,266	744,455	11,516,659	12,089,558	12,306,925	12,834,013
Total assets	<u>2,543,745</u>	<u>1,970,152</u>	<u>15,786,178</u>	<u>16,277,742</u>	<u>18,329,923</u>	<u>18,247,894</u>
Long-term liabilities						
outstanding	1,813,885	1,360,000	5,285,116	5,745,934	7,099,001	7,105,934
Other liabilities	3,423	4,334	784,334	818,648	787,757	822,982
Total liabilities	<u>1,817,308</u>	<u>1,364,334</u>	<u>6,069,450</u>	<u>6,564,582</u>	<u>7,886,758</u>	<u>7,928,916</u>
Net position:						
Invested in capital assets, net of related debt	790,266	744,455	6,231,543	6,343,624	7,021,809	7,088,079
Restricted	706,997	620,509	-	-	706,997	620,509
Unrestricted	(770,826)	(759,146)	3,485,185	3,369,536	2,714,359	2,610,390
Total net position	<u>\$ 726,437</u>	<u>\$ 605,818</u>	<u>\$ 9,716,728</u>	<u>\$ 9,713,160</u>	<u>\$ 10,443,165</u>	<u>\$ 10,318,978</u>

Total net position increased \$124,187 resulting in a balance of \$10,443,165 as of March 31, 2015. Current assets, which include cash, investments and accounts receivable, increased \$609,117. Non-current assets decreased \$527,088, due to current year depreciation being in excess of additions. Total liabilities decreased \$52,158 resulting in a balance of \$7,886,758 as of March 31, 2015. Outstanding debt, including long-term and short-term portions, decreased \$6,933 due to principal payments on the outstanding bonds exceeding the new notes payable. Other liabilities decreased \$35,225, due to a decrease in accounts payable at the fiscal year end.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	<u>2015</u>		<u>2014</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net invested in capital assets	67.2%	\$ 7,021,809	68.7%	\$ 7,088,079
Restricted	6.8%	706,997	6.0%	620,509
Committed	0.3%	35,402	0.0%	-
Unrestricted	25.7%	2,678,957	25.3%	2,610,390
Total net position	<u>100.0%</u>	<u>\$ 10,443,165</u>	<u>100.0%</u>	<u>\$ 10,318,978</u>

Total net position balances increased by \$124,187 in fiscal year 2015 to a total ending balance of \$10,443,165. Capital net asset balances decreased by \$66,270 in the current year due to debt reductions and depreciation expense exceeding capital asset activity. The unrestricted net position balances changed by the net income of operating activities. The revenue and expenditure comparisons that comprise the current year increase follow.

REVENUE COMPARISON BY TYPE

<u>Governmental Activities</u>	<u>2015</u>	<u>2014</u>
Property tax	\$ 665,670	\$ 605,897
Sales and use tax	452,053	449,523
State income tax	412,333	454,854
Replacement tax	5,658	5,921
Charges for services	311,872	314,623
Telecommunications tax	108,713	129,333
Motor fuel tax	107,544	108,795
Utility tax	240,515	244,177
Investment income	8,591	7,614
Operating grants	62,928	76,729
Gain on disposal of assets	360,781	-
Miscellaneous	12,100	13,163
Total revenues	<u>\$ 2,748,758</u>	<u>\$ 2,410,629</u>

Total revenues for the governmental activities increased approximately \$338,129 for the year ended March 31, 2015. The increase is mainly due to the sale of several properties in the current year.

<u>Business-type Activities</u>	<u>2015</u>	<u>2014</u>
Water charges	\$ 847,216	\$ 853,866
Sewer charges	475,692	473,464
Electric charges	4,966,783	4,993,978
Swimming pool charges	62,740	51,055
Capital/operating grants	-	90,400
Property taxes	53,282	54,162
Investment income	88,635	86,943
Total revenues	<u>\$ 6,494,348</u>	<u>\$ 6,603,868</u>

Total revenues for the business-type activities decreased approximately \$109,000 for the year ended March 31, 2015. The Village had the largest increase in swimming pool charges and the largest decreases in electric charges and in capital/operating grants in the current year.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPENDITURES BY CATEGORY

Governmental Activities

<u>Expenditures by category</u>	<u>2015</u>		<u>2014</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	10.3%	\$ 271,833	11.1%	\$ 223,551
Public safety	41.5%	1,097,953	50.9%	1,021,102
Highways and streets	18.0%	476,846	21.9%	438,393
Sanitation	7.0%	186,281	9.7%	195,243
Development	17.9%	474,174	2.9%	57,561
Interest on long-term debt	5.1%	135,565	3.5%	70,300
Total expenditures	<u>100.0%</u>	<u>\$ 2,642,652</u>	<u>100.0%</u>	<u>\$ 2,006,150</u>

The Village reported an increase in expenses for governmental activities of \$636,502. The increase was due to the Village paying off redevelopment agreement notes with the new bond issue, which is expensed in the development category. Public safety reported the highest expenditure category with 42% of all governmental expenditures.

The above expenditure categories include amounts for depreciation expense on assets purchased in the current and prior years. The breakdown by category is as follows:

	<u>2015</u>	<u>2014</u>
General government	\$ 19,324	\$ 15,860
Public safety	33,226	17,412
Highways and streets	24,333	23,303
Sanitation	1,335	1,335
Total depreciation	<u>\$ 78,218</u>	<u>\$ 57,910</u>

Total capital outlay expenditures in the governmental fund financial statements for the current year totaled \$127,595.

Business-type Activities

<u>Operating Expenditures</u>	<u>2015</u>		<u>2014</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	19.8%	\$ 1,252,421	18.7%	\$ 1,231,119
Contractual services	9.3%	588,071	9.9%	652,588
Electricity and water purchased	51.8%	3,283,124	51.7%	3,402,224
Supplies and materials	3.0%	187,320	4.4%	290,463
Heat, light and power	0.6%	36,493	0.4%	29,055
Depreciation	15.6%	991,539	14.9%	977,655
Total expenditures	<u>100.0%</u>	<u>\$ 6,338,968</u>	<u>100.0%</u>	<u>\$ 6,583,104</u>

Expenses in the business-type activities decreased in total by \$244,136. As in the prior year, the largest categories of operating expense were for electricity and water purchases which decreased \$119,100 in the current year.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUNDS FINANCIAL ANALYSIS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2015, the Village's governmental funds reported combined ending fund balances of \$1,714,654, an increase of \$493,291 in comparison with the prior year. A large portion of this balance constitutes unreserved, undesignated fund balance, which is available for spending at the Village's discretion. However, \$706,997 (TIF Fund and Special Revenue Funds) has been restricted for future debt payments and other restricted expenditures.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$1,007,657. This balance increased \$406,803 during the current year.

The TIF Fund increased \$44,696 in the current year. The Motor Fuel Tax Fund reported an increase of \$41,214 for an ending balance of \$298,512. The Impact Fees Fund reported an increase of \$578 in the current year for a fund balance of \$27,581.

Proprietary fund. The Village's proprietary funds provide the same information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Waterworks, Sewer, Electric Light and Power, and Swimming Pool funds at the end of the year amounted to \$3,485,185, an increase of \$115,649 in comparison with prior year. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's government-wide financial statements.

BUDGETARY HIGHLIGHTS

A comparison of budget and actual expenditures for the General Fund is as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 2,360,253	\$ 1,998,091

The budget was passed on April 7, 2014 and was amended on January 5, 2015.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Land	\$ 83,840	\$ 87,406	\$ 305,539	\$ 279,630	\$ 389,379	\$ 367,036
Buildings and Improvements	610,983	579,145	7,290,939	7,250,899	7,901,922	7,830,044
Swimming Pool	-	-	1,064,420	1,064,420	1,064,420	1,064,420
Infrastructure	277,427	277,427	-	-	277,427	277,427
Distribution and Collection Systems	-	-	13,925,385	13,825,879	13,925,385	13,825,879
Vehicles and Equipment	685,967	617,189	2,267,509	2,014,324	2,953,476	2,631,513
	<u>\$ 1,658,217</u>	<u>\$ 1,561,167</u>	<u>\$ 24,853,792</u>	<u>\$ 24,435,152</u>	<u>\$ 26,512,009</u>	<u>\$ 25,996,319</u>

The Village's investment in capital assets for its governmental and business-type activities as of March 31, 2015, amounts to \$12,306,925, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure. The total outlay for capital assets for the current year was \$546,235. The largest additions in the current year were a new server, electrical line additions, sewer line additions, a bucket truck, and several new police vehicles. These additions were offset by current year depreciation expense of \$1,069,757, thereby resulting in a net decrease in net capital assets for the current year. Additional information related to capital assets can be found in Note 7 of the financial statements.

Long-term Debt

At the end of 2015, the Village had total long-term debt obligations for governmental activities and business-type activities in the amount of \$1,813,885 and \$5,285,116, respectively, compared to \$1,360,000 and \$5,745,934 at the end of 2014.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Loans Payable	\$ -	\$ -	\$ 748,668	\$ 817,767	\$ 748,668	\$ 817,767
Notes Payable	33,885	-	196,448	238,167	230,333	238,167
Bonds Payable	1,780,000	1,360,000	4,340,000	4,690,000	6,120,000	6,050,000
Total Debt	<u>\$ 1,813,885</u>	<u>\$ 1,360,000</u>	<u>\$ 5,285,116</u>	<u>\$ 5,745,934</u>	<u>\$ 7,099,001</u>	<u>\$ 7,105,934</u>

The governmental activities reported increases in long-term debt of \$453,885. The business-type activities reported a decrease in long-term debt of \$460,818. All reductions were due to scheduled debt retirements. The Village issued new debt in the current fiscal year to refund prior TIF bonds and to pay off two TIF agreements. Additional information related to long-term debt can be found in Note 6 of the financial statements.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This financial report is designed to provide a general overview of the Village of Freeburg's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Clerk's Office, 14 Southgate Center, Freeburg, IL 62243.

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF NET POSITION
(BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)
(GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)
MARCH 31, 2015

	<u>Governmental</u> Activities	<u>Business-type</u> Activities	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,569,049	\$ 1,471,687	\$ 3,040,736
Investments	184,473	2,125,274	2,309,747
Receivables (Net of allowance for uncollectible):	-	625,546	625,546
Prepaid Expenses	-	46,969	46,969
Internal Balances	(43)	43	-
Capital Assets:			
Land	83,840	305,539	389,379
Buildings and Improvements	610,983	7,290,939	7,901,922
Swimming Pool	-	1,064,420	1,064,420
Infrastructure	277,427	-	277,427
Distribution and Collection Systems	-	13,925,385	13,925,385
Vehicles and Equipment	685,967	2,267,509	2,953,476
Less: Accumulated Depreciation	<u>(867,951)</u>	<u>(13,337,133)</u>	<u>(14,205,084)</u>
Net Capital Assets	<u>790,266</u>	<u>11,516,659</u>	<u>12,306,925</u>
Total Assets	<u>\$ 2,543,745</u>	<u>\$ 15,786,178</u>	<u>\$ 18,329,923</u>
<u>Liabilities</u>			
Cash Deficit	\$ -	\$ 294,200	\$ 294,200
Accounts Payable	3,423	278,876	282,299
Accrued Salaries	-	24,495	24,495
Accrued Interest	-	33,894	33,894
Customer Deposits	-	152,869	152,869
Noncurrent Liabilities:			
Due Within One Year	183,885	438,680	622,565
Due In More Than One Year	<u>1,630,000</u>	<u>4,846,436</u>	<u>6,476,436</u>
Total Liabilities	<u>1,817,308</u>	<u>6,069,450</u>	<u>7,886,758</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	790,266	6,231,543	7,021,809
Restricted	706,997	-	706,997
Committed	35,402	-	35,402
Unrestricted	<u>(806,228)</u>	<u>3,485,185</u>	<u>2,678,957</u>
Total Net Position	<u>\$ 726,437</u>	<u>\$ 9,716,728</u>	<u>\$ 10,443,165</u>

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF ACTIVITIES
 (BUSINESS-TYPE ACTIVITIES - ACCRUAL BASIS)
 (GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)
 FOR THE YEAR ENDED MARCH 31, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 271,833	\$ 88,575	\$ -	\$ -	\$ (183,258)		\$ (183,258)
Public Safety:							
Police	1,094,425	12,695	-	-	(1,081,730)		(1,081,730)
Civil Defense	3,528	-	-	-	(3,528)		(3,528)
Highways and Streets	476,846	-	62,928	-	(413,918)		(413,918)
Development	474,174	-	-	-	(474,174)		(474,174)
Sanitation	186,281	210,602	-	-	24,321		24,321
Interest on Long-Term Debt	135,565	-	-	-	(135,565)		(135,565)
Total Governmental Activities	2,642,652	311,872	62,928	-	(2,267,852)		(2,267,852)
Business-type Activities:							
Electric Light and Power	4,920,462	4,966,783	-	-		\$ 46,321	\$ 46,321
Waterworks	902,929	847,216	-	-		(55,713)	(55,713)
Sewer	497,578	475,692	-	-		(21,886)	(21,886)
Swimming Pool	155,298	62,740	-	-		(92,558)	(92,558)
Total Business-type Activities	6,476,267	6,352,431	-	-		(123,836)	(123,836)
Total Government	\$ 9,118,919	\$ 6,664,303	\$ 62,928	\$ -	(2,267,852)	(123,836)	(2,391,688)
General Revenues:							
Property Tax, Levied for General Purposes					665,670	53,282	718,952
Sales and Use Tax					452,053	-	452,053
Replacement Tax					5,658	-	5,658
State Income Tax					412,333	-	412,333
Telecommunications Tax					108,713	-	108,713
Motor Fuel Tax					107,544	-	107,544
Utility Tax					240,515	-	240,515
Unrestricted Investment Earnings					8,591	88,635	97,226
Gain on Disposal of Assets					360,781	-	360,781
Miscellaneous					12,100	-	12,100
Transfers					14,513	(14,513)	-
Total General Revenues					2,388,471	127,404	2,515,875
Change in Net Position					120,619	3,568	124,187
Net Position - Beginning					605,818	9,713,160	10,318,978
Net Position - Ending					\$ 726,437	\$ 9,716,728	\$ 10,443,165

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
MARCH 31, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 969,191	\$ 564,456	\$ 1,533,647
Investments	40,608	143,865	184,473
Due from Other Funds	<u>1,281</u>	<u>-</u>	<u>1,281</u>
Total Assets	<u>\$ 1,011,080</u>	<u>\$ 708,321</u>	<u>\$ 1,719,401</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts Payable	\$ 3,423	\$ -	\$ 3,423
Due to Other Funds	<u>-</u>	<u>1,324</u>	<u>1,324</u>
Total Liabilities	<u>3,423</u>	<u>1,324</u>	<u>4,747</u>
Fund Equity:			
Fund Balance:			
Restricted	-	706,997	706,997
Unassigned	<u>1,007,657</u>	<u>-</u>	<u>1,007,657</u>
Total Fund Balance	<u>1,007,657</u>	<u>706,997</u>	<u>1,714,654</u>
Total Liabilities and Fund Equity	<u>\$ 1,011,080</u>	<u>\$ 708,321</u>	<u>\$ 1,719,401</u>

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

VILLAGE OF FREEBURG, ILLINOIS

RECONCILIATION OF THE STATEMENT OF ASSETS,
LIABILITIES AND FUND BALANCES ARISING FROM MODIFIED
CASH BASIS TRANSACTIONS TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2015

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 1,714,654
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	790,266
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(1,813,885)
Internal service funds are included in the statement of net position in the government wide financial statements as these funds benefit the general government as a whole.	<u>35,402</u>
Net position of governmental activities	<u>\$ 726,437</u>

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF REVENUES AND EXPENDITURES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property Tax	\$ 431,356	\$ 234,314	\$ 665,670
Utility Tax	240,515	-	240,515
Intergovernmental:			
Replacement Tax	5,658	-	5,658
Sales Tax	366,991	-	366,991
State Income Tax	412,333	-	412,333
Local Use Tax	85,062	-	85,062
Telecommunications Tax	108,713	-	108,713
Motor Fuel Tax	-	107,544	107,544
Grants	29,298	33,630	62,928
Franchise Fees	29,252	-	29,252
Licenses and Permits	53,118	-	53,118
Fines and Penalties	12,695	-	12,695
Garbage Collection	210,602	-	210,602
Rental/Lease Income	6,205	-	6,205
Investment Earnings	2,764	5,827	8,591
Miscellaneous	12,100	-	12,100
Total Revenues	<u>2,006,662</u>	<u>381,315</u>	<u>2,387,977</u>
Expenditures:			
Current:			
General Government	252,509	-	252,509
Public Safety:			
Police	1,061,199	-	1,061,199
Civil Defense	3,528	-	3,528
Highways and Streets	347,425	105,088	452,513
Development	-	474,174	474,174
Sanitation	184,946	-	184,946
Debt Service:			
Principal	-	170,000	170,000
Interest and Charges	-	103,445	103,445
Capital Outlay	127,595	-	127,595
Total Expenditures	<u>1,977,202</u>	<u>852,707</u>	<u>2,829,909</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>29,460</u>	<u>(471,392)</u>	<u>(441,932)</u>
Other Financing Sources (Uses):			
Proceeds from Fixed Asset Sales	364,347	-	364,347
Proceeds from Debt	33,885	1,950,000	1,983,885
Payment to Escrow Refunding Agent	-	(1,392,120)	(1,392,120)
Operating Transfers	(20,889)	-	(20,889)
Total Other Financing Sources (Uses)	<u>377,343</u>	<u>557,880</u>	<u>935,223</u>
Excess of Revenues and Other Financing Sources Over Expenditures	<u>406,803</u>	<u>86,488</u>	<u>493,291</u>
Fund Balance, Beginning of Year	<u>600,854</u>	<u>620,509</u>	<u>1,221,363</u>
Fund Balance, End of Year	<u>\$ 1,007,657</u>	<u>\$ 706,997</u>	<u>\$ 1,714,654</u>

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

VILLAGE OF FREEBURG, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES ARISING FROM MODIFIED CASH BASIS
TRANSACTIONS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 493,291

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This balance represents the amount of these differences as reported in these financial statements.

45,811

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

(453,885)

Activity related to the internal service funds are included in the statement of net position in the government wide financial statements as these funds benefit the general government as a whole.

35,402

Change in net position of governmental activities \$ 120,619

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 MARCH 31, 2015

	Major Funds					Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool	Total	
<u>Assets</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 414,111	\$ 707,502	\$ 350,074	\$ -	\$ 1,471,687	\$ 35,402
Investments	1,689,000	301,618	134,656	-	2,125,274	-
Receivables:						
Customers	295,610	47,420	28,857	-	371,887	-
Unbilled Revenue	189,903	37,332	21,544	-	248,779	-
Other	4,880	-	-	-	4,880	-
Due From Other Funds	43	-	-	-	43	-
Prepaid Insurance	36,612	5,065	5,292	-	46,969	-
Total Current Assets	<u>2,630,159</u>	<u>1,098,937</u>	<u>540,423</u>	<u>-</u>	<u>4,269,519</u>	<u>35,402</u>
Capital Assets:						
Land	211,375	50,094	37,820	6,250	305,539	-
Buildings and Improvements	6,220,376	-	940,175	130,388	7,290,939	-
Swimming Pool	-	-	-	1,064,420	1,064,420	-
Distribution and Collection Systems	8,065,683	3,742,638	2,117,064	-	13,925,385	-
Vehicles and Equipment	1,420,603	456,402	350,445	40,059	2,267,509	-
	15,918,037	4,249,134	3,445,504	1,241,117	24,853,792	-
Less - Accumulated Depreciation	8,471,695	2,987,719	1,534,663	343,056	13,337,133	-
Net Capital Assets	<u>7,446,342</u>	<u>1,261,415</u>	<u>1,910,841</u>	<u>898,061</u>	<u>11,516,659</u>	<u>-</u>
Total Assets	<u>\$ 10,076,501</u>	<u>\$ 2,360,352</u>	<u>\$ 2,451,264</u>	<u>\$ 898,061</u>	<u>\$ 15,786,178</u>	<u>\$ 35,402</u>
<u>Liabilities</u>						
Current Liabilities:						
Cash Deficit	\$ -	\$ -	\$ -	\$ 294,200	\$ 294,200	\$ -
Accounts Payable	248,296	25,963	4,556	61	278,876	-
Accrued Salaries	14,905	4,720	4,870	-	24,495	-
Accrued Interest	26,973	-	-	6,921	33,894	-
Current Portion of Long Term Debt	350,113	6,414	52,153	30,000	438,680	-
Customer Deposits	87,608	38,081	27,180	-	152,869	-
Total Current Liabilities	<u>727,895</u>	<u>75,178</u>	<u>88,759</u>	<u>331,182</u>	<u>1,223,014</u>	<u>-</u>
Noncurrent Liabilities:						
Long Term Debt (Net of Current)	3,706,335	20,376	669,725	450,000	4,846,436	-
Total Noncurrent Liabilities	<u>3,706,335</u>	<u>20,376</u>	<u>669,725</u>	<u>450,000</u>	<u>4,846,436</u>	<u>-</u>
Total Liabilities	<u>4,434,230</u>	<u>95,554</u>	<u>758,484</u>	<u>781,182</u>	<u>6,069,450</u>	<u>-</u>
<u>Net Position</u>						
Invested in Capital Assets, Net of Related Debt	3,389,894	1,234,625	1,188,963	418,061	6,231,543	-
Committed	-	-	-	-	-	35,402
Unreserved	2,252,377	1,030,173	503,817	(301,182)	3,485,185	-
Total Net Position	<u>5,642,271</u>	<u>2,264,798</u>	<u>1,692,780</u>	<u>116,879</u>	<u>9,716,728</u>	<u>35,402</u>
Total Liabilities and Net Position	<u>\$ 10,076,501</u>	<u>\$ 2,360,352</u>	<u>\$ 2,451,264</u>	<u>\$ 898,061</u>	<u>\$ 15,786,178</u>	<u>\$ 35,402</u>

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	Major Funds				Total	Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool		
Operating Revenue:						
Charges for Services	\$ 4,860,565	\$ 816,970	\$ 472,611	\$ 46,694	\$ 6,196,840	\$ -
Connection Fees	7,220	4,570	2,250	-	14,040	-
Supplies Sold	34,021	15,981	831	16,046	66,879	-
Miscellaneous	64,977	9,695	-	-	74,672	-
Total Operating Revenue	<u>4,966,783</u>	<u>847,216</u>	<u>475,692</u>	<u>62,740</u>	<u>6,352,431</u>	<u>-</u>
Operating Expenses:						
Personal Services	701,931	265,332	234,810	50,348	1,252,421	-
Contractual Services and Other	418,531	74,646	91,229	3,665	588,071	-
Electricity and Water Purchased	2,936,617	346,507	-	-	3,283,124	-
Supplies and Materials	89,467	38,932	39,557	19,364	187,320	-
Heat, Light and Power	14,381	4,400	17,712	-	36,493	-
Depreciation	669,069	172,210	89,660	60,600	991,539	-
Total Operating Expenses	<u>4,829,996</u>	<u>902,027</u>	<u>472,968</u>	<u>133,977</u>	<u>6,338,968</u>	<u>-</u>
Operating Income (Loss)	<u>136,787</u>	<u>(54,811)</u>	<u>2,724</u>	<u>(71,237)</u>	<u>13,463</u>	<u>-</u>
Nonoperating Revenues (Expenses):						
Property Taxes	-	-	-	53,282	53,282	-
Interest Income	63,043	16,334	9,252	6	88,635	-
Interest Expense	(90,466)	(902)	(24,610)	(21,321)	(137,299)	-
Total Nonoperating Revenues (Expenses)	<u>(27,423)</u>	<u>15,432</u>	<u>(15,358)</u>	<u>31,967</u>	<u>4,618</u>	<u>-</u>
Operating Transfers	<u>(10,209)</u>	<u>(2,479)</u>	<u>(1,825)</u>	<u>-</u>	<u>(14,513)</u>	<u>35,402</u>
Change in Net Position	99,155	(41,858)	(14,459)	(39,270)	3,568	35,402
Net Position, Beginning of Year	<u>5,543,116</u>	<u>2,306,656</u>	<u>1,707,239</u>	<u>156,149</u>	<u>9,713,160</u>	<u>-</u>
Net Position, End of Year	<u>\$ 5,642,271</u>	<u>\$ 2,264,798</u>	<u>\$ 1,692,780</u>	<u>\$ 116,879</u>	<u>\$ 9,716,728</u>	<u>\$ 35,402</u>

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED MARCH 31, 2015

	Major Funds					Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool	Total	
<u>Cash Flows from Operating Activities</u>						
Cash Received from Customers	\$ 4,928,169	\$ 851,389	\$ 471,482	\$ 62,740	\$ 6,313,780	\$ -
Cash Paid to Suppliers	(3,664,705)	(548,172)	(222,970)	(29,194)	(4,465,041)	-
Cash Payments to Employees for Services	(519,843)	(188,668)	(162,465)	(44,150)	(915,126)	-
Net Cash Provided (Used) By Operating Activities	<u>743,621</u>	<u>114,549</u>	<u>86,047</u>	<u>(10,604)</u>	<u>933,613</u>	<u>-</u>
<u>Cash Flows from Capital Financing Activities</u>						
Purchase of Fixed Assets	(226,332)	(96,729)	(84,175)	(11,404)	(418,640)	-
Principal Paid on Debt	(361,719)	(6,235)	(62,864)	(30,000)	(460,818)	-
Interest Paid on Debt	(91,477)	(902)	(24,610)	(21,570)	(138,559)	-
Net Cash Provided (Used) By Capital Financing Activities	<u>(679,528)</u>	<u>(103,866)</u>	<u>(171,649)</u>	<u>(62,974)</u>	<u>(1,018,017)</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>						
Purchase of Certificate of Deposit	-	(6,072)	-	-	(6,072)	-
Interest Income	63,043	16,334	9,252	6	88,635	-
Net Cash Provided (Used) By Investing Activities	<u>63,043</u>	<u>10,262</u>	<u>9,252</u>	<u>6</u>	<u>82,563</u>	<u>-</u>
<u>Cash Flows from Non-Capital Financing Activities</u>						
Payments From (To) Other Funds	(7,928)	(2,479)	(1,825)	-	(12,232)	35,402
Property Tax	-	-	-	53,282	53,282	-
Customer Deposits	(11,146)	1,858	(260)	-	(9,548)	-
Net Cash Provided By Non-Capital Financing Activities	<u>(19,074)</u>	<u>(621)</u>	<u>(2,085)</u>	<u>53,282</u>	<u>31,502</u>	<u>35,402</u>
Net Increase (Decrease) in Cash and Cash Equivalents	108,062	20,324	(78,435)	(20,290)	29,661	35,402
Cash and Cash Equivalents, Beginning of Year	<u>306,049</u>	<u>687,178</u>	<u>428,509</u>	<u>(273,910)</u>	<u>1,147,826</u>	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 414,111</u>	<u>\$ 707,502</u>	<u>\$ 350,074</u>	<u>\$ (294,200)</u>	<u>\$ 1,177,487</u>	<u>\$ 35,402</u>

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
 CASH PROVIDED BY OPERATING ACTIVITIES
 FOR THE YEAR ENDED MARCH 31, 2015

	Major Funds				Total	Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool		
Operating Income (Loss)	\$ 136,787	\$ (54,811)	\$ 2,724	\$ (71,237)	\$ 13,463	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	669,069	172,210	89,660	60,600	991,539	-
Decrease (Increase) in:						
Accounts Receivable	(27,306)	(143)	(1,690)	-	(29,139)	-
Other Receivables	7,898	9,695	-	-	17,593	-
Unbilled Revenue	(13,356)	(5,379)	(2,520)	-	(21,255)	-
Prepaid Insurance	5,493	35	(322)	-	5,206	-
Increase (Decrease) in:						
Accounts Payable	(31,850)	(7,648)	(3,089)	33	(42,554)	-
Unearned Revenue	(5,850)	-	-	-	(5,850)	-
Accrued Salaries	2,736	590	1,284	-	4,610	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 743,621</u>	<u>\$ 114,549</u>	<u>\$ 86,047</u>	<u>\$ (10,604)</u>	<u>\$ 933,613</u>	<u>\$ -</u>

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

VILLAGE OF FREEBURG, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Freeburg, Illinois have been prepared in conformity with the modified cash basis of accounting for the Governmental Fund Types and the accrual basis of accounting for the Proprietary Fund Types as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(a) Financial reporting entity

The Village's combined financial statements include the accounts of all Village operations. The criteria for including organizations as component units within the Village's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Village holds the corporate powers of the organization
- the Village appoints a voting majority of the organization's board
- the Village is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Village
- there is fiscal dependency by the organization on the Village

The Village has determined that no other outside agency meets the above criteria and therefore, no other agency has been included as a component unit in the Village's financial statements. In addition, the Village is not aware of any entity that would exercise such oversight, which would result in the Village being considered a component unit of the entity.

(b) Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. Governmental activities,

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items, properly not included among program revenues, are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The proprietary 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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Accordingly, receipts are recorded when cash is received and disbursements are recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. Property taxes are recognized as revenues in the year for which they are received.

The government-wide financial statements are reported using the same basis of accounting as used by the individual funds in the fund financial statements.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The government reports the following major governmental fund:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Village reports the following major proprietary funds:

The Water Fund and the Sewer Fund accounts for all activities related to the billing, administration, distribution and collection processes of the water and sewer utilities. The Village operates the water distribution system as well as the sewage treatment plant, sewage pumping stations and collection systems.

The Electric Light and Power Fund accounts for all activities related to the billing, administration and distribution processes of the Village's electric and power operations.

The Swimming Pool Fund accounts for all activities related to administration and collection processes of the Village's swimming pool operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds 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.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(d) Assets, liabilities and net assets or equity

Deposits and investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less.

The Village is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. Investment income is recognized as earned.

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Unbilled electric, water, and sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to March 31 and prorating the applicable number of days to the current fiscal year.

The Village records accounts receivable in the Statement of Net Position for amounts that are due to the Village but have not been received at year-end. Accounts receivable are largely comprised of billed and unbilled amounts for utilities in the business-type activities. These balances are considered fully collectible at year-end.

Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Type of Property and Equipment</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15 – 40 Years
Infrastructure	40 Years
Swimming Pool	20 Years
Distribution and Collection Systems	15 - 50 Years
Vehicles and Equipment	5 - 10 Years

Compensated absences

Sick leave is accrued for all employees at the rate of 1 day per month. On January 1st of the year an employee celebrates their fifth year employment anniversary, and all years thereafter, employees shall be granted twelve sick days. Sick leave can be carried forward, but not to exceed 65 work days. All full-time employees of the Village who have been employed for at least one (1) full year shall become eligible for vacation as indicated by the following table:

<u>Service</u>	<u>Vacation Allowed</u>
Having Completed 1 Year	5 Working Days
2-8 Years Continuous	10 Working Days
9-17 Years Continuous	15 Working Days
18 or More Years Continuous	20 Working Days
	1 day for each year over 18 years of service

An employee separated from the service of the Village shall be compensated for all unused vacation leave accumulated prior to his/her effective date of separation but not for accumulated sick leave. Any liability at March 31, 2015 is immaterial.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Long-term obligations

In the government-wide financial statements and enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Fund equity

In the fund financial statements, the Village classifies the governmental fund balances based upon the following criteria:

Nonspendable – includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

Restricted – balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed – balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

Assigned – balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – the residual classification of the General Fund balance.

The following details the description and amount of all constraints recorded by the Village in the fund financial statements:

Governmental Funds

Restricted:

Tax Increment Financing District	\$ 380,904
Motor Fuel Tax Fund	298,512
Impact Fees Fund	<u>27,581</u>
Total Restricted	<u>\$ 706,997</u>

Committed:

Internal Service Fund	<u>\$ 35,402</u>
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VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(e) Budgetary Control

Budgets are adopted on a basis consistent with the cash basis of accounting. Annual appropriated budgets are adopted for all governmental funds. All annual appropriations lapse at fiscal year-end.

On April 7, 2014 the Village Board approved an ordinance adopting the appropriations which is the budgetary data reflected in these financial statements. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The budget was amended on January 5, 2015.

(f) Risk Management

The Village is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the Village carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverages in the past three years.

(g) Estimates

The Village uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

At March 31, 2015, the carrying amount of the Village's deposits was \$4,912,269 and the bank balance was \$5,004,818. The deposits were comprised of checking, interest checking, money market funds and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of March 31, 2015, cash deposit balances of \$4,640,468, which were in excess of FDIC insurance, were collateralized with investments by the financial institution. Cash deposit balances of \$3,770 were in excess of FDIC insurance and were not collateralized with other investments.

Interest Rate Risk. The Village's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

needs of the fund type being invested. The Village only maintains investments in the Illinois Funds, which is an external investment pool.

The Illinois Funds are pooled investments that are operated by the State of Illinois as a not-for-profit common law trust and are not registered with the SEC. The funds are monitored regularly through the State by internal and external audits. The goals of the funds are to provide liquidity and to maintain balances that are equal to the par value of the invested shares with no loss to market fluctuations. The fair value of the Village's position in the pool is the same as the value of the pool shares.

At March 31, 2015, the Village had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
The Illinois Funds (external investment pool)	Daily	\$ 143,399
Petty Cash		615
Deposits as reported above		<u>4,912,269</u>
Total deposits and investments		<u>\$ 5,056,283</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 3,040,736
Investments		2,309,747
Cash Deficit		<u>(294,200)</u>
		<u>\$ 5,056,283</u>

Credit Risk. As of March 31, 2015, the credit rating of the Village's investment was as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--

Concentration of Credit Risk. As of March 31, 2015, the Village did not have a concentration of credit risk.

Foreign Currency Risk. As of March 31, 2015, the Village has no foreign currency risk.

NOTE 3: RETIREMENT FUND COMMITMENTS

(a) Illinois Municipal Retirement Fund

Plan Description. The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

increases, and death benefits to plan members and beneficiaries. The 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. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, 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 2014 was 12.49 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2014 was \$195,339.

Three-Year Trend Information for IMRF

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
3/31/2015	\$ 197,626	100%	\$ 5,984
3/31/2014	189,126	100%	5,872
3/31/2013	182,594	100%	5,755

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.50% 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 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of 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 unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 79.98 percent funded. The actuarial accrued liability for benefits was \$3,845,904 and the actuarial value of assets was \$3,076,058, resulting in an underfunded actuarial accrued liability (UAAL) of \$769,846. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$1,563,966 and the ratio of the UAAL to the covered payroll was 49 percent.

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

(b) Social Security

All employees, including those qualifying for coverage under the Illinois Municipal Retirement Fund, are covered under Social Security. The Village paid \$132,400, the required contribution for the current fiscal year.

NOTE 4: INTERFUND BALANCES

The following funds have interfund balances as of March 31, 2015.

General Fund due from (to):	
Motor Fuel Tax Fund	\$ 1,324
Electric Light and Power Fund	(43)
Electric Light and Power Fund due from (to):	
General Fund	43
Motor Fuel Tax Fund due from (to):	
General Fund	(1,324)

NOTE 5: PROPERTY TAXES

The Village's property tax is levied each year on all taxable real property located in the Village on or before the second Tuesday in December. The Board passed the levy on November 17, 2014. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments. The County had not mailed tax bills as of March 31, 2015. Past mailing practices of the County have been subsequent to March 31 of each year. The Village begins to receive significant distributions of tax receipts in June and July after the bills are mailed by the County. The Village budgets and records property tax revenue in the year the property taxes are received.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	Maximum Levy	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rates:</u>				
General	\$ 0.2500	\$ 0.1729	\$ 0.1554	\$ 0.1453
Bonds and Interest	None	0.0650	0.0667	0.0662
IMRF	None	0.1869	0.1793	0.1668
Police Protection	0.0750	0.0738	0.0739	0.0378
Audit	None	0.0105	0.0118	0.0081
Civil Defense (ESDA)	0.0500	<u>0.0031</u>	<u>0.0026</u>	<u>0.0022</u>
Total		<u>\$ 0.5122</u>	<u>\$ 0.4897</u>	<u>\$ 0.4264</u>
Assessed Valuations		<u>\$ 80,714,939</u>	<u>\$ 79,921,537</u>	<u>\$ 81,648,135</u>
<u>Tax Extensions:</u>				
General		\$ 139,556	\$ 124,198	\$ 118,635
Bonds and Interest		52,465	53,308	54,051
IMRF		150,856	143,299	136,189
Police Protection		59,568	59,062	30,863
Audit		8,475	9,431	6,614
Civil Defense (ESDA)		<u>2,502</u>	<u>2,078</u>	<u>1,796</u>
Total		<u>\$ 413,422</u>	<u>\$ 391,376</u>	<u>\$ 348,148</u>
Tax Collections		<u>\$ -</u>	<u>\$ 391,180</u>	<u>\$ 348,850</u>
Percent Collected		<u>0.00%</u>	<u>99.95%</u>	<u>100.20%</u>

NOTE 6: LONG-TERM DEBT

The Village has the following long-term debt as of March 31, 2015.

Bonds Payable

\$550,000 General Obligation Bonds, Series 2011 dated July 20, 2011, due in annual installments of \$30,000 to \$50,000 through December 1, 2026; interest at 2.75% to 5.25%. The amount of bonds outstanding as of March 31, 2015 is \$480,000. These bonds are being retired by the Swimming Pool Fund.

\$4,780,000 General Obligation Refunding Bonds, Series 2012 dated September 13, 2012, due in annual installments of \$320,000 to \$395,000 through December 1, 2025; interest at 1.10% to 2.85%. The amount of bonds outstanding as of March 31, 2015 is \$3,860,000. These bonds are being retired by the Electric Light and Power Fund. This issue refunded Series 2005 Bonds.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

\$1,950,000 General Obligation Refunding Bonds, Series 2014 dated April 29, 2014, due in semi-annual installments of \$150,000 to \$185,000 through November 1, 2025; interest at 0.50% to 3.30%. The amount of bonds outstanding as of March 31, 2015 is \$1,780,000. These bonds are being retired by the TIF Fund. This issue refunded Series 2005 Tax Increment Revenue Bonds.

Annual debt service requirements to maturity for bonds are as follows:

Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 150,000	\$ 38,298	\$ 350,000	\$ 101,962
2017	150,000	37,547	360,000	97,618
2018	150,000	36,348	365,000	92,667
2019	155,000	34,622	365,000	86,857
2020	155,000	32,220	375,000	80,100
2021-2025	835,000	105,852	2,030,000	256,878
2026-2027	185,000	6,105	495,000	19,069
	<u>\$ 1,780,000</u>	<u>\$ 290,992</u>	<u>\$ 4,340,000</u>	<u>\$ 735,151</u>

IEPA Loans

\$104,816 loan with the Illinois Environmental Protection Agency to be repaid with semiannual payments of \$3,568 through March 2019, including interest at 2.865%. The loan was used to assist the Water Fund in the construction of a waterline extension. The balance outstanding as of March 31, 2015 is \$26,790.

\$479,822 loan with the Illinois Environmental Protection Agency to be repaid with semi-annual installments of \$15,765, including interest at 2.535%. The loan was used to assist in the construction of sanitary sewer lines and an excess flow clarifier at the West Sewage Treatment Plant. The balance outstanding as of March 31, 2015 is \$174,469.

\$583,674 loan with the Illinois Environmental Protection Agency to be repaid with semi-annual installments of \$18,648, including interest at 2.925%. The loan was used to assist in the construction of sewer lines on North State Street. The balance outstanding as of March 31, 2015 is \$547,409.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Annual debt service requirements to maturity for EPA Loans are as follows:

Year Ended <u>April 30,</u>	<u>EPA Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 58,567	\$ 17,394
2017	60,022	15,939
2018	61,514	14,447
2019	63,044	12,915
2020	57,423	11,403
2021-2025	176,934	41,078
2026-2030	163,636	22,844
2031-2033	<u>107,528</u>	<u>4,360</u>
	<u>\$ 748,668</u>	<u>\$ 140,380</u>

Notes Payable

\$225,618 loan with Citizens Community Bank to be repaid with annual payments of \$36,464 through July 2020, including interest at 3.182%. The loan was used to purchase a Bucket/Pole Truck for the Electric Light and Power Fund. The balance outstanding as of March 31, 2015 is \$196,448.

\$33,885 loan with Citizens Community Bank to be repaid with annual payments of \$34,913 through September 2015, including interest at 2.99%. The loan was used to purchase a Police Vehicle for the General Fund. The balance outstanding as of March 31, 2015 is \$33,885.

Annual debt service requirements to maturity for notes payable are as follows:

Year Ended <u>April 30,</u>	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 33,885	\$ 1,013	\$ 30,113	\$ 6,351
2017	-	-	31,072	5,393
2018	-	-	32,091	4,373
2019	-	-	33,129	3,336
2020	-	-	34,200	2,264
2021	-	-	<u>35,843</u>	<u>1,162</u>
	<u>\$ 33,885</u>	<u>\$ 1,013</u>	<u>\$ 196,448</u>	<u>\$ 22,879</u>

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following is a summary of changes in long-term debt for the year ended March 31, 2015.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<u>Business-type Activities:</u>					
Bonds Payable	\$ 4,690,000	\$ -	\$ 350,000	\$ 4,340,000	\$ 350,000
Notes Payable	238,167	-	41,719	196,448	30,113
EPA Loans	<u>817,767</u>	<u>-</u>	<u>69,099</u>	<u>748,668</u>	<u>58,567</u>
	<u>\$ 5,745,934</u>	<u>\$ -</u>	<u>\$ 460,818</u>	<u>\$ 5,285,116</u>	<u>\$ 438,680</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 1,360,000	\$ 1,950,000	\$ 1,530,000	\$ 1,780,000	\$ 150,000
Notes Payable	-	<u>33,885</u>	-	<u>33,885</u>	<u>33,885</u>
	<u>\$ 1,360,000</u>	<u>\$ 1,983,885</u>	<u>\$ 1,530,000</u>	<u>\$ 1,813,885</u>	<u>\$ 183,885</u>

On April 29, 2014, the Village issued \$1,950,000 in 2014 General Obligation Refunding Bonds with interest rates of 0.40% to 3.30% to advance refund \$1,360,000 of outstanding 2005 Tax Increment Revenue Bonds with interest rates of 4.75% to 5.75% and \$474,174 of outstanding note balances related to a redevelopment agreement. The net proceeds of \$1,866,294 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments on the Tax Increment Revenue Bonds. The 2005 Bonds were called on April 30, 2014.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$83,706. The City completed the advance refunding to reduce its total debt service payments by \$379,384 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$144,199.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 87,406	\$ -	\$ 3,566	\$ 83,840
Capital assets, being depreciated:				
Buildings and improvements	579,145	31,838	-	610,983
Infrastructure	277,427	-	-	277,427
Vehicles and equipment	617,189	95,757	26,979	685,967
Total capital assets being depreciated	<u>1,473,761</u>	<u>127,595</u>	<u>26,979</u>	<u>1,574,377</u>
Less accumulated depreciation for:				
Building and improvements	287,821	20,605	-	308,426
Infrastructure	28,078	6,842	-	34,920
Vehicles and equipment	500,813	50,771	26,979	524,605
Total accumulated depreciation	<u>816,712</u>	<u>78,218</u>	<u>26,979</u>	<u>867,951</u>
Total capital assets, being depreciated, net	<u>657,049</u>	<u>49,377</u>	<u>-</u>	<u>706,426</u>
Governmental activities capital assets, net	<u>\$ 744,455</u>	<u>\$ 49,377</u>	<u>\$ 3,566</u>	<u>\$ 790,266</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 279,630	\$ 25,909	\$ -	\$ 305,539
Capital assets, being depreciated:				
Buildings and improvements	7,250,899	83,220	-	7,334,119
Swimming pool	1,064,420	-	-	1,064,420
Distribution and collection system	13,825,879	56,326	-	13,882,205
Vehicles and equipment	2,014,324	253,185	-	2,267,509
Total capital assets, being depreciated	<u>24,155,522</u>	<u>392,731</u>	<u>-</u>	<u>24,548,253</u>
Less accumulated depreciation for:				
Buildings and improvements	4,138,733	224,219	-	4,362,952
Swimming pool	207,740	49,103	-	256,843
Distribution and collection system	6,808,567	565,332	-	7,373,899
Vehicles and equipment	1,190,554	152,885	-	1,343,439
Total accumulated depreciation	<u>12,345,594</u>	<u>991,539</u>	<u>-</u>	<u>13,337,133</u>
Total capital assets, being depreciated, net	<u>11,809,928</u>	<u>(598,808)</u>	<u>-</u>	<u>11,211,120</u>
Business-type activities capital assets, net	<u>\$ 12,089,558</u>	<u>\$ (572,899)</u>	<u>\$ -</u>	<u>\$ 11,516,659</u>

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 19,324
Public safety	33,226
Highways and streets	24,333
Sanitation	<u>1,335</u>
Total depreciation expense - governmental activities	<u>\$ 78,218</u>
Business-type activities:	
Electric light and power	\$ 669,069
Water	172,210
Sewer	89,660
Swimming pool	<u>60,600</u>
Total depreciation expense - business-type activities	<u>\$ 991,539</u>

NOTE 8: SUBSEQUENT EVENT

The Village has evaluated events occurring after the financial statement date through August 15, 2015 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

VILLAGE OF FREEBURG, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2015

	<u>Budgeted Amounts</u>		Actual (Budget Basis)
	<u>Original</u>	<u>Final</u>	
Revenues:			
Property Tax	\$ 641,825	\$ 641,825	\$ 431,356
Replacement Tax	5,200	5,200	5,658
Sales Tax	390,000	390,000	366,991
State Income Tax	420,000	420,000	412,333
Local Use Tax	66,000	66,000	85,062
Telecommunications Tax	145,000	145,000	108,713
Franchise Tax	30,500	30,500	29,252
Utility Tax	230,000	230,000	240,515
Licenses and Permits	47,300	47,300	53,118
Fines and Penalties	14,650	14,650	12,695
Garbage Collection	210,200	210,200	210,602
Rental/Lease Income	12,000	12,000	6,205
Investment Earnings	2,000	2,000	2,764
Grants	62,855	62,855	29,298
Miscellaneous	81,019	81,019	410,332
Total Revenues	<u>2,358,549</u>	<u>2,358,549</u>	<u>2,404,894</u>
Expenditures:			
Current:			
General Government	489,673	491,088	252,509
Public Safety:			
Police	1,094,620	1,094,620	1,061,199
Civil Defense	4,100	4,100	3,528
Highways and Streets	360,010	374,150	347,425
Sanitation	206,700	206,700	184,946
Capital Outlay	189,595	189,595	127,595
Transfers	-	-	20,889
Total Expenditures	<u>2,344,698</u>	<u>2,360,253</u>	<u>1,998,091</u>
Net Change in Fund Balances	<u>\$ 13,851</u>	<u>\$ (1,704)</u>	406,803
No change for modified cash basis reporting			-
As reported on the Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions			<u>\$ 406,803</u>

VILLAGE OF FREEBURG, ILLINOIS

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
MARCH 31, 2015

	Calendar Year					
	2014	2013	2012	2011	2010	2009
Actuarial Value of Assets	\$ 3,076,058	\$ 2,862,966	\$ 2,764,210	\$ 2,361,731	\$ 2,030,891	\$ 2,177,881
Actuarial Accrued Liability (AAL)	3,845,904	3,666,344	3,859,604	3,423,406	3,072,278	3,183,624
Unfunded AAL (UAAL)	769,846	803,378	1,095,394	1,061,675	1,041,387	1,005,743
Funded Ratio	79.98%	78.09%	71.62%	68.99%	66.10%	68.41%
Covered Payroll	1,563,966	1,460,174	1,422,899	1,332,823	1,338,574	1,390,880
UAAL as a % of Covered Payroll	49.22%	55.02%	76.98%	79.66%	77.80%	72.31%
Employer Contributions:						
Required	195,339	186,902	177,720	161,538	155,810	142,009
Made	195,339	186,902	177,720	161,538	150,322	142,009
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	100.00%	100.00%	100.00%	96.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$3,600,732.

On a market basis, the funded ratio would be 93.63 percent.

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

Actuarial Cost Method:	Entry Age Normal Actuarial Cost
Amortization Method:	Level Percentage of Projected Payroll
Remaining Amortization Period:	Open 29 Year Basis
Asset Valuation Method:	Techniques that smooth the effects of volatility over a 5 year period with a 20% corridor
Actuarial Assumptions:	
Interest Rate	7.5 %
Salary Progression	4.4 - 14.0 %
Cost of Living	
Adjustments	3.0 %

VILLAGE OF FREEBURG, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
MARCH 31, 2015

	<u>Impact Fees</u>	<u>Motor Fuel Tax</u>	<u>TIF</u>	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 7,716	\$ 175,836	\$ 380,904	\$ 564,456
Investments	<u>19,865</u>	<u>124,000</u>	<u>-</u>	<u>143,865</u>
Total Assets	<u>\$ 27,581</u>	<u>\$ 299,836</u>	<u>\$ 380,904</u>	<u>\$ 708,321</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Due to Other Funds	\$ -	\$ 1,324	\$ -	\$ 1,324
Total Liabilities	<u>-</u>	<u>1,324</u>	<u>-</u>	<u>1,324</u>
Fund Balance:				
Restricted	<u>27,581</u>	<u>298,512</u>	<u>380,904</u>	<u>706,997</u>
Total Fund Balance	<u>27,581</u>	<u>298,512</u>	<u>380,904</u>	<u>706,997</u>
Total Liabilities and Fund Balance	<u>\$ 27,581</u>	<u>\$ 299,836</u>	<u>\$ 380,904</u>	<u>\$ 708,321</u>

VILLAGE OF FREEBURG, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>Impact Fees</u>	<u>Motor Fuel Tax</u>	<u>TIF</u>	<u>Total</u>
Revenues:				
Property Tax	\$ -	\$ -	\$ 234,314	\$ 234,314
Motor Fuel Tax	-	107,544	-	107,544
Grants	-	33,630	-	33,630
Investment Income	<u>578</u>	<u>5,128</u>	<u>121</u>	<u>5,827</u>
Total Revenues	<u>578</u>	<u>146,302</u>	<u>234,435</u>	<u>381,315</u>
Expenditures:				
Current:				
Highways and Streets	-	105,088	-	105,088
Development	-	-	474,174	474,174
Debt Service:				
Principal	-	-	170,000	170,000
Interest and Fees	<u>-</u>	<u>-</u>	<u>103,445</u>	<u>103,445</u>
Total Expenditures	<u>-</u>	<u>105,088</u>	<u>747,619</u>	<u>852,707</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>578</u>	<u>41,214</u>	<u>(513,184)</u>	<u>(471,392)</u>
Other Financing Sources (Uses):				
Proceeds from Debt	-	-	1,950,000	1,950,000
Payment to Escrow Refunding Agent	<u>-</u>	<u>-</u>	<u>(1,392,120)</u>	<u>(1,392,120)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>557,880</u>	<u>557,880</u>
Excess of Revenues and Other Financing Sources Over Expenditures	<u>578</u>	<u>41,214</u>	<u>44,696</u>	<u>86,488</u>
Fund Balance, Beginning of Year	<u>27,003</u>	<u>257,298</u>	<u>336,208</u>	<u>620,509</u>
Fund Balance, End of Year	<u>\$ 27,581</u>	<u>\$ 298,512</u>	<u>\$ 380,904</u>	<u>\$ 706,997</u>



**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH TAX INCREMENT FINANCING ACT**

To the Honorable Mayor and Board
of Trustees of the Village of
Freeburg, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Freeburg, Illinois as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Village of Freeburg, Illinois' Tax Increment Financing District, as referred to in the first paragraph, as of March 31, 2015 and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

Other Matters

The management of the Village of Freeburg, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the Village of Freeburg, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the Village of Freeburg, Illinois was not in compliance with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

C. J. Schloss & Company LLC

Certified Public Accountants
Alton, Illinois

August 15, 2015