

VILLAGE OF FREEBURG, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
MARCH 31, 2010

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VILLAGE OF FREEBURG, ILLINOIS

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C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling
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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 governmental activities, the business-type activities, each major fund and the non-major fund information of the Village of Freeburg, Illinois as of and for the year ended March 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's administration. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village of Freeburg, Illinois prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, except for the Village's Proprietary Funds, which have been prepared on the accrual basis of accounting.

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, 2010, and the respective changes in financial position (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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 10, the schedule of funding progress and employer contributions on page 37 and the budgetary comparison information on page 36, 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 the administration regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Freeburg, Illinois' basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

C. J. Schuman & Company, LLC

Certified Public Accountants

November 23, 2010

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, 2010. 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 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 assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. Changes in net assets are reported on the modified cash basis of accounting for the governmental activities and the accrual basis of accounting for the business-type activities.

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. Budgetary comparison schedules for the General Fund have 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. The Village reports budgetary comparison and retirement funding progress related to IMRF as required supplementary information following the notes to the financial statements.

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 assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$8,802,103 at the close of the most recent fiscal year.

The largest portion of the Village's net assets (79%) 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 assets is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>March 31, 2010</u>	<u>March 31, 2009</u>	<u>March 31, 2010</u>	<u>March 31, 2009</u>	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Current and other assets	\$ 897,801	\$ 1,016,788	\$ 3,616,425	\$ 3,049,867	\$ 4,514,226	\$ 4,066,655
Capital assets	<u>714,553</u>	<u>574,496</u>	<u>11,470,102</u>	<u>12,074,733</u>	<u>12,184,655</u>	<u>12,649,229</u>
Total assets	<u>1,612,354</u>	<u>1,591,284</u>	<u>15,086,527</u>	<u>15,124,600</u>	<u>16,698,881</u>	<u>16,715,884</u>
Long-term liabilities						
outstanding	1,900,931	1,973,641	5,473,387	5,750,656	7,374,318	7,724,297
Other liabilities	<u>5,171</u>	<u>2,708</u>	<u>517,289</u>	<u>463,098</u>	<u>522,460</u>	<u>465,806</u>
Total liabilities	<u>1,906,102</u>	<u>1,976,349</u>	<u>5,990,676</u>	<u>6,213,754</u>	<u>7,896,778</u>	<u>8,190,103</u>
Net assets:						
Invested in capital assets, net of related debt	713,622	570,855	6,210,289	6,547,392	6,923,911	7,118,247
Restricted	382,826	361,841	-	-	382,826	361,841
Unrestricted	<u>(1,390,196)</u>	<u>(1,317,761)</u>	<u>2,885,562</u>	<u>2,363,407</u>	<u>1,495,366</u>	<u>1,045,646</u>
Total net assets	<u>\$ (293,748)</u>	<u>\$ (385,065)</u>	<u>\$ 9,095,851</u>	<u>\$ 8,910,799</u>	<u>\$ 8,802,103</u>	<u>\$ 8,525,734</u>

Total net assets increased \$276,000 resulting in a balance of \$8,802,103 as of March 31, 2010. Current assets, which include cash, investments and accounts receivable, increased \$448,000, largely due to a larger receivable balance and cash balances. Non-current assets decreased \$465,000, due to depreciation exceeding the increase in current year additions. Total liabilities decreased \$293,000 resulting in a balance of \$7,896,778 as of March 31, 2010. Outstanding debt, including long-term and short-term portions, decreased \$350,000, due to principle payments on the outstanding bonds. Other liabilities increased \$56,000, due to an increase in the accounts payables and customer deposits.

ANALYSIS OF NET ASSETS

<u>Analysis of Net Assets</u>	<u>2010</u>		<u>2009</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net invested in capital assets	78.7%	\$ 6,923,911	83.5%	\$ 7,118,247
Restricted	4.3%	382,826	4.2%	361,841
Unrestricted	17.0%	1,495,366	12.3%	1,045,646
Total net assets	<u>100.0%</u>	<u>\$ 8,802,103</u>	<u>100.0%</u>	<u>\$ 8,525,734</u>

Total net asset balances increased by \$276,000 in fiscal year 2010 to a total ending balance of \$8,802,103. Capital net asset balances decreased by \$194,000 in the current year due to depreciation exceeding net capital acquisitions. The unrestricted net asset 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>2010</u>	<u>2009</u>
Property tax	\$ 527,736	\$ 499,136
Sales and use tax	418,656	434,293
State income tax	233,932	359,175
Replacement tax	5,429	5,961
Charges for services	267,350	245,813
Telecommunications tax	142,951	139,285
Motor fuel tax	97,410	102,031
Other state/local taxes	201,147	191,475
Investment income	12,498	17,370
Operating grants	30,551	2,295
Miscellaneous	5,297	12,413
Total revenues	<u>\$ 1,942,957</u>	<u>\$ 2,009,247</u>

Total revenues for the governmental activities decreased approximately \$66,000 for the year ended March 31, 2010. The decrease is mainly due to the decrease in state income tax receipts which are several months in arrears.

<u>Business-type Activities</u>	<u>2010</u>	<u>2009</u>
Water charges	\$ 845,365	\$ 680,204
Sewer charges	429,967	321,376
Electric charges	4,073,980	3,953,006
Swimming pool charges	39,896	43,240
Investment income	94,661	82,568
Total revenues	<u>\$ 5,483,869</u>	<u>\$ 5,080,394</u>

Total revenues for the business-type activities increased approximately \$403,000 for the year ended March 31, 2010. The increase was primarily related to the Village increasing fees for all services in the current year. Investment income also increased slightly due to higher cash balances.

EXPENDITURES BY CATEGORY

Governmental Activities

<u>Expenditures by category</u>	<u>2010</u>		<u>2009</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	14.0%	\$ 259,997	13.4%	\$ 243,994
Public safety	50.0%	925,330	48.7%	887,469
Highways and streets	21.9%	405,321	24.0%	438,221
Sanitation	9.4%	173,658	9.0%	163,998
Development	0.1%	2,500	0.1%	2,500
Interest on long-term debt	4.6%	84,834	4.8%	87,874
Total expenditures	100.0%	\$ 1,851,640	100.0%	\$ 1,824,056

The Village reported increases in expenses for governmental activities of \$28,000. Public safety reported the highest expenditure category with 50% of all governmental expenditures. The majority of the increase in public safety is associated with salaries and the related benefits.

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>2010</u>	<u>2009</u>
General government	\$ 17,941	\$ 18,117
Public safety	21,686	24,503
Highways and streets	23,627	21,129
Sanitation	1,335	-
Total depreciation	\$ 64,589	\$ 63,749

Total capital outlay expenditures in the governmental fund financial statements for the current year totaled \$204,646.

Business-type Activities

<u>Operating Expenditures</u>	<u>2010</u>		<u>2009</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	19.3%	\$ 977,045	20.3%	\$ 1,002,239
Contractual services	9.5%	479,628	10.1%	502,319
Electricity and water purchased	50.6%	2,562,266	49.5%	2,451,057
Supplies and materials	3.6%	183,577	4.7%	233,595
Heat, light and power	0.4%	18,153	0.4%	18,980
Depreciation	16.7%	844,522	15.0%	740,890
Total expenditures	100.0%	\$ 5,065,191	100.0%	\$ 4,949,080

Expenses in the business-type activities increased in total by \$116,000. As in the prior year, the largest categories of operating expense were for electricity and water purchases which increased \$111,000 in the current year.

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 2010, the Village's governmental funds reported combined ending fund balances of \$846,076, a decrease of \$119,496 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, \$382,826 (TIF Fund balance) has been reserved for future debt payments.

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 \$286,787. This balance decreased \$25,234 during the current year.

The TIF Fund increased \$20,985 in the current year, due to the additional property tax received in the current year. The Motor Fuel Tax Fund reported a decrease of \$117,506 for an ending balance of \$159,204. The Impact Fees Fund reported an increase of \$2,259 in the current year to the fund balance of \$17,259.

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

Unrestricted net assets of the Waterworks, Sewer, Electric Light and Power, and Swimming Pool funds at the end of the year amounted to \$9,095,851, an increase of \$185,052 or 0.2% 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	\$ 1,986,844	\$ 1,966,838

The budget was passed on June 15, 2009 and amended to include grant proceeds and expenditures related to a recycling center.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Land	\$ 87,406	\$ 80,406	\$ 279,630	\$ 242,931	\$ 367,036	\$ 323,337
Buildings and Improvements	553,685	500,284	6,383,892	6,383,892	6,937,577	6,884,176
Swimming Pool Infrastructure	-	-	109,116	109,116	109,116	109,116
Distribution and Collection Systems	194,983	50,738	-	-	194,983	50,738
Vehicles and Equipment	-	-	13,095,768	12,964,532	13,095,768	12,964,532
	539,361	555,534	1,260,761	1,188,803	1,800,122	1,744,337
	<u>\$ 1,375,435</u>	<u>\$ 1,186,962</u>	<u>\$ 21,129,167</u>	<u>\$ 20,889,274</u>	<u>\$ 22,504,602</u>	<u>\$ 22,076,236</u>

The Village's investment in capital assets for its governmental and business-type activities as of March 31, 2010, amounts to \$12,184,655, 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 \$444,539. The largest additions in the current year were meters and materials, land, street infrastructure, and water and sewer line additions. These additions were offset by current year depreciation expense of \$909,113, 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 6 of the financial statements.

Long-term Debt

At the end of 2010, the Village had total long-term debt obligations for governmental activities and business-type activities in the amount of \$1,900,931 and \$5,473,387, respectively, compared to \$1,973,641 and \$5,750,656 at the end of 2009.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>March 31, 2010</u>	<u>March 31, 2009</u>	<u>March 31, 2010</u>	<u>March 31, 2009</u>	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Loans Payable	\$ -	\$ -	\$ 383,109	\$ 420,023	\$ 383,109	\$ 420,023
Capital Lease	931	3,641	5,278	20,633	6,209	24,274
Bonds Payable	1,900,000	1,970,000	5,085,000	5,310,000	6,985,000	7,280,000
Total Debt	<u>\$ 1,900,931</u>	<u>\$ 1,973,641</u>	<u>\$ 5,473,387</u>	<u>\$ 5,750,656</u>	<u>\$ 7,374,318</u>	<u>\$ 7,724,297</u>

The governmental activities reported decreases in long-term debt of \$73,000. The business-type activities reported decreases in long-term debt of \$277,000. All reductions were due to scheduled debt retirements. Additional information related to long-term debt can be found in Note 4 of the financial statements. The Village has no debt that is subject to the debt limit of the Village as calculated by Illinois State Statutes.

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 ASSETS
(BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)
(GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)
MARCH 31, 2010

	<u>Governmental</u> Activities	<u>Business-type</u> Activities	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 291,724	\$ 1,131,535	\$ 1,423,259
Investments	181,651	1,600,656	1,782,307
Receivables (Net of allowance for uncollectible):	-	594,864	594,864
Prepaid Insurance	-	70,842	70,842
Internal Balances	(4,954)	4,954	-
Restricted Cash and Cash Equivalents	382,826	-	382,826
Capital Assets:			
Land	87,406	279,630	367,036
Buildings and Improvements	553,685	6,383,892	6,937,577
Swimming Pool	-	109,116	109,116
Infrastructure	194,983	-	194,983
Distribution and Collection Systems	-	13,095,768	13,095,768
Vehicles and Equipment	539,361	1,260,761	1,800,122
Less: Accumulated Depreciation	(660,882)	(9,659,065)	(10,319,947)
Net Capital Assets	<u>714,553</u>	<u>11,470,102</u>	<u>12,184,655</u>
Unamortized Bond Issuance Costs	46,554	213,574	260,128
Total Assets	<u>\$ 1,612,354</u>	<u>\$ 15,086,527</u>	<u>\$ 16,698,881</u>
<u>Liabilities</u>			
Accounts Payable	\$ 5,171	\$ 266,916	\$ 272,087
Accrued Salaries	-	28,738	28,738
Accrued Interest	-	69,085	69,085
Customer Deposits	-	152,550	152,550
Noncurrent Liabilities:			
Due Within One Year	80,931	278,218	359,149
Due In More Than One Year	1,820,000	5,195,169	7,015,169
Total Liabilities	<u>1,906,102</u>	<u>5,990,676</u>	<u>7,896,778</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	713,622	6,210,289	6,923,911
Restricted	382,826	-	382,826
Unrestricted	(1,390,196)	2,885,562	1,495,366
Total Net Assets	<u>\$ (293,748)</u>	<u>\$ 9,095,851</u>	<u>\$ 8,802,103</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, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
General Government	\$ 259,997	\$ 68,155	\$ -	\$ (191,842)	\$ (191,842)	\$ (191,842)
Public Safety:						
Police	923,090	17,787	1,100	(904,203)		(904,203)
Civil Defense	2,240	-	-	(2,240)		(2,240)
Highways and Streets	405,321	-	-	(405,321)		(405,321)
Development	2,500	-	-	(2,500)		(2,500)
Sanitation	173,658	181,408	29,451	37,201		37,201
Interest on Long-Term Debt	84,834	-	-	(84,834)		(84,834)
Total Governmental Activities	<u>1,851,640</u>	<u>267,350</u>	<u>30,551</u>	<u>(1,553,739)</u>		<u>(1,553,739)</u>
Business-type Activities:						
Electric Light and Power	4,101,107	4,073,980	-		(27,127)	(27,127)
Waterworks	776,839	845,365	-		68,526	68,526
Sewer	344,342	429,967	-		85,625	85,625
Swimming Pool	76,529	39,896	-		(36,633)	(36,633)
Total Business-type Activities	<u>5,298,817</u>	<u>5,389,208</u>	<u>-</u>		<u>90,391</u>	<u>90,391</u>
Total Government	<u>\$ 7,150,457</u>	<u>\$ 5,656,558</u>	<u>\$ 30,551</u>	<u>(1,553,739)</u>		<u>(1,463,348)</u>
General Revenues:						
Property Tax, Levied for General Purposes				527,736		527,736
Sales and Use Tax				418,656		418,656
Replacement Tax				5,429		5,429
State Income Tax				233,932		233,932
Telecommunications Tax				142,951		142,951
Motor Fuel Tax				97,410		97,410
Utility Tax				201,147		201,147
Unrestricted Investment Earnings				12,498	94,661	107,159
Miscellaneous				5,297		5,297
Total General Revenues				<u>1,645,056</u>	<u>94,661</u>	<u>1,739,717</u>
Change in Net Assets				<u>91,317</u>	<u>185,052</u>	<u>276,369</u>
Net Assets - Beginning				<u>(385,065)</u>	<u>8,910,799</u>	<u>8,525,734</u>
Net Assets - Ending				<u>\$ (293,748)</u>	<u>\$ 9,095,851</u>	<u>\$ 8,802,103</u>

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, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 237,153	\$ 54,571	\$ 291,724
Investments	40,608	141,043	181,651
Due from Other Funds	14,197	-	14,197
Restricted Assets	-	382,826	382,826
Total Assets	<u>\$ 291,958</u>	<u>\$ 578,440</u>	<u>\$ 870,398</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts Payable	\$ 5,171	\$ -	\$ 5,171
Due to Other Funds	-	19,151	19,151
Total Liabilities	<u>5,171</u>	<u>19,151</u>	<u>24,322</u>
Fund Equity:			
Fund Balance:			
Reserved	-	382,826	382,826
Unreserved	286,787	-	286,787
Unreserved, reported in			
Special Revenue Funds	-	176,463	176,463
Total Fund Balance	<u>286,787</u>	<u>559,289</u>	<u>846,076</u>
Total Liabilities and Fund Equity	<u>\$ 291,958</u>	<u>\$ 578,440</u>	<u>\$ 870,398</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, 2010

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 846,076
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	714,553
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(1,854,377)
Net assets of governmental activities	<u>\$ (293,748)</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, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property Tax	\$ 332,091	\$ 195,645	\$ 527,736
Utility Tax	201,147	-	201,147
Intergovernmental:			
Replacement Tax	5,429	-	5,429
Sales Tax	285,837	85,902	371,739
State Income Tax	233,932	-	233,932
Local Use Tax	46,917	-	46,917
Telecommunications Tax	142,951	-	142,951
Grants	30,551	-	30,551
Motor Fuel Tax	-	97,410	97,410
Franchise Fees	19,071	-	19,071
Licenses and Permits	41,149	-	41,149
Fines and Penalties	17,787	-	17,787
Sale of Supplies	181	-	181
Garbage Collection	181,227	-	181,227
Rental/Lease Income	7,935	-	7,935
Investment Earnings	3,263	9,235	12,498
Miscellaneous	5,297	-	5,297
Total Revenues	<u>1,554,765</u>	<u>388,192</u>	<u>1,942,957</u>
Expenditures:			
Current:			
General Government	242,056	-	242,056
Public Safety:			
Police	901,404	-	901,404
Civil Defense	2,240	-	2,240
Highways and Streets	304,047	77,647	381,694
Development	-	2,500	2,500
Sanitation	172,323	-	172,323
Debt Service:			
Principal	2,710	70,000	72,710
Interest	111	82,769	82,880
Capital Outlay	60,401	144,245	204,646
Total Expenditures	<u>1,685,292</u>	<u>377,161</u>	<u>2,062,453</u>
Excess of Revenues Over Expenditures	<u>(130,527)</u>	<u>11,031</u>	<u>(119,496)</u>
Other Financing Sources (Uses):			
Transfer From (To) Other Funds	<u>105,293</u>	<u>(105,293)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over Expenditures	<u>(25,234)</u>	<u>(94,262)</u>	<u>(119,496)</u>
Fund Balance, Beginning of Year	312,021	653,551	965,572
Fund Balance, End of Year	<u>\$ 286,787</u>	<u>\$ 559,289</u>	<u>\$ 846,076</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, 2010

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

Net change in fund balances - total governmental funds \$ (119,496)

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. Proceeds from asset sales are also reported as revenue in the governmental funds and offset against the remaining value of the asset in the government-wide statements. This balance represents the amount of these differences as reported in these financial statements.

140,057

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.

70,756

Change in net assets of governmental activities

\$ 91,317

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 MARCH 31, 2010

	<u>Electric Light and Power</u>	<u>Waterworks</u>	<u>Sewer</u>	<u>Non-Major Swimming Pool</u>	<u>Total</u>
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 768,725	\$ 122,703	\$ 416,268	\$ (176,161)	\$ 1,131,535
Investments	1,339,000	127,000	134,656	-	1,600,656
Receivables:					
Customers	246,566	47,948	27,450	-	321,964
Unbilled Revenue	183,044	45,057	25,234	-	253,335
Other	-	19,565	-	-	19,565
Due From Other Funds	3,487	721	721	25	4,954
Prepaid Insurance	56,724	7,938	4,626	1,554	70,842
Total Current Assets	2,597,546	370,932	608,955	(174,582)	3,402,851
Noncurrent Assets:					
Property, Plant and Equipment:					
Land	211,375	50,094	11,911	6,250	279,630
Buildings and Improvements	5,406,990	-	919,216	57,686	6,383,892
Swimming Pool	-	-	-	109,116	109,116
Distribution and Collection Systems	8,088,281	3,638,885	1,368,602	-	13,095,768
Vehicles and Equipment	885,038	194,409	161,972	19,342	1,260,761
	14,591,684	3,883,388	2,461,701	192,394	21,129,167
Less - Accumulated Depreciation	6,156,271	2,152,540	1,184,318	165,936	9,659,065
Net Property, Plant and Equipment	8,435,413	1,730,848	1,277,383	26,458	11,470,102
Bond Issuance Costs	213,574	-	-	-	213,574
Total Assets	\$ 11,246,533	\$ 2,101,780	\$ 1,886,338	\$ (148,124)	\$ 15,086,527
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 203,007	\$ 28,861	\$ 32,268	\$ 2,780	\$ 266,916
Accrued Salaries	18,558	5,422	4,758	-	28,738
Accrued Interest	69,085	-	-	-	69,085
Current Portion of Long Term Debt	235,931	7,737	34,550	-	278,218
Customer Deposits	91,672	35,698	25,180	-	152,550
Total Current Liabilities	618,253	77,718	96,756	2,780	795,507
Noncurrent Liabilities:					
Long Term Debt (Net of Current)	4,850,000	50,699	294,470	-	5,195,169
Total Noncurrent Liabilities	4,850,000	50,699	294,470	-	5,195,169
Total Liabilities	5,468,253	128,417	391,226	2,780	5,990,676
Net Assets					
Invested in Capital Assets,					
Net of Related Debt	3,563,056	1,672,412	948,363	26,458	6,210,289
Unreserved	2,215,224	300,951	546,749	(177,362)	2,885,562
Total Net Assets	\$ 5,778,280	\$ 1,973,363	\$ 1,495,112	\$ (150,904)	\$ 9,095,851

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 ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2010

	<u>Electric Light and Power</u>	<u>Waterworks</u>	<u>Sewer</u>	<u>Non-Major Swimming Pool</u>	<u>Total</u>
Operating Revenue:					
Charges for Services	\$ 4,022,946	\$ 809,159	\$ 418,717	\$ 31,378	\$ 5,282,200
Connection Fees	6,669	10,530	11,250	-	28,449
Supplies Sold	13,200	15,711	-	8,443	37,354
Miscellaneous	31,165	9,965	-	75	41,205
Total Operating Revenue	<u>4,073,980</u>	<u>845,365</u>	<u>429,967</u>	<u>39,896</u>	<u>5,389,208</u>
Operating Expenses:					
Personal Services	503,646	242,814	193,585	37,000	977,045
Contractual Services and Other	365,132	37,918	54,494	22,084	479,628
Electricity and Water Purchased	2,242,818	319,448	-	-	2,562,266
Supplies and Materials	97,418	44,544	27,028	14,587	183,577
Heat, Light and Power	2,492	-	15,661	-	18,153
Depreciation	666,852	130,387	44,425	2,858	844,522
Total Operating Expenses	<u>3,878,358</u>	<u>775,111</u>	<u>335,193</u>	<u>76,529</u>	<u>5,065,191</u>
Operating Income (Loss)	<u>195,622</u>	<u>70,254</u>	<u>94,774</u>	<u>(36,633)</u>	<u>324,017</u>
Nonoperating Revenues (Expenses):					
Amortization of Bond Issuance Costs	(9,741)	-	-	-	(9,741)
Interest Income	78,862	7,470	8,307	22	94,661
Interest Expense	<u>(213,008)</u>	<u>(1,728)</u>	<u>(9,149)</u>	-	<u>(223,885)</u>
Total Nonoperating Revenues (Expenses)	<u>(143,887)</u>	<u>5,742</u>	<u>(842)</u>	<u>22</u>	<u>(138,965)</u>
Change in Net Assets	51,735	75,996	93,932	(36,611)	185,052
Net Assets, Beginning of Year	5,726,545	1,897,367	1,401,180	(114,293)	8,910,799
Net Assets, End of Year	<u>\$ 5,778,280</u>	<u>\$ 1,973,363</u>	<u>\$ 1,495,112</u>	<u>\$ (150,904)</u>	<u>\$ 9,095,851</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, 2010

	<u>Electric Light and Power</u>	<u>Waterworks</u>	<u>Sewer</u>	<u>Non-Major Swimming Pool</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>					
Cash Received from Customers	\$ 4,002,117	\$ 818,928	\$ 407,940	\$ 39,896	\$ 5,268,881
Cash Paid to Suppliers	(2,831,136)	(464,330)	(124,368)	(33,962)	(3,453,796)
Cash Payments to Employees for Services	(353,455)	(175,469)	(143,803)	(37,000)	(709,727)
Net Cash Provided (Used) by Operating Activities	<u>817,526</u>	<u>179,129</u>	<u>139,769</u>	<u>(31,066)</u>	<u>1,105,358</u>
<u>Cash Flows from Capital Financing Activities</u>					
Purchase of Fixed Assets	(72,269)	(46,868)	(120,754)	-	(239,891)
Principal Paid on Debt	(227,710)	(11,731)	(37,828)	-	(277,269)
Interest Paid on Debt	(215,589)	(1,728)	(9,149)	-	(226,466)
Net Cash Provided (Used) By Capital Financing Activities	<u>(515,568)</u>	<u>(60,327)</u>	<u>(167,731)</u>	<u>-</u>	<u>(743,626)</u>
<u>Cash Flows from Investing Activities</u>					
Purchase of Certificate of Deposit	-	(40,000)	-	-	(40,000)
Interest Income	78,862	7,470	8,307	22	94,661
Net Cash Provided (Used) By Investing Activities	<u>78,862</u>	<u>(32,530)</u>	<u>8,307</u>	<u>22</u>	<u>54,661</u>
<u>Cash Flows from Non-Capital Financing Activities</u>					
Payments From (To) Other Funds	(3,534)	(721)	(721)	(25)	(5,001)
Customer Deposits	3,425	(1,069)	645	-	3,001
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>(109)</u>	<u>(1,790)</u>	<u>(76)</u>	<u>(25)</u>	<u>(2,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	380,711	84,482	(19,731)	(31,069)	414,393
Cash and Cash Equivalents, Beginning of Year	<u>388,014</u>	<u>38,221</u>	<u>435,999</u>	<u>(145,092)</u>	<u>717,142</u>
Cash and Cash Equivalents, End of Year	<u>\$ 768,725</u>	<u>\$ 122,703</u>	<u>\$ 416,268</u>	<u>\$ (176,161)</u>	<u>\$ 1,131,535</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, 2010

	<u>Electric Light and Power</u>	<u>Waterworks</u>	<u>Sewer</u>	<u>Non-Major Swimming Pool</u>	<u>Total</u>
Operating Income (Loss)	\$ 195,622	\$ 70,254	\$ 94,774	\$ (36,633)	\$ 324,017
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	666,852	130,387	44,425	2,858	844,522
Decrease (Increase) in:					
Accounts Receivable	(33,629)	(10,290)	(9,564)	-	(53,483)
Other Receivables	1,093	150	-	-	1,243
Unbilled Revenue	(39,327)	(16,297)	(12,463)	-	(68,087)
Prepaid Insurance	1,485	804	1,157	(71)	3,375
Increase (Decrease) in:					
Accounts Payable	23,735	5,274	21,103	2,780	52,892
Accrued Salaries	1,695	(1,153)	337	-	879
Net Cash Provided (Used) by Operating Activities	<u>817,526</u>	<u>179,129</u>	<u>139,769</u>	<u>(31,066)</u>	<u>1,105,358</u>

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

VILLAGE OF FREEBURG, ILLINOIS

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010**

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 (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. Governmental

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

activities, 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.

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

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.

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.

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

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, 2010 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 assets.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Restricted assets

Certain cash and investments of the governmental activities are reported as restricted as these balances are comprised of the proceeds of bond issues and are set aside for construction or development commitments or for the repayment of bond debt and other restrictions within the bond ordinances.

(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 June 15, 2009, 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.

(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.

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

At March 31, 2010, the carrying amount of the Village's deposits was \$3,056,723 and the bank balance was \$3,061,751. 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, 2010, none of the Village's bank balance was exposed to custodial credit risk as uninsured or uncollateralized. Deposits of \$2,707,820 exceeded FDIC coverage but were collateralized by investments held in the Village's name.

At March 31, 2010, 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	\$ 148,693
Trust Funds	Daily	382,826
Petty Cash		150
Deposits as reported above		<u>3,056,723</u>
Total deposits and investments		<u>\$ 3,588,392</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 1,423,259
Restricted Cash and Cash Equivalents		382,826
Investments		<u>1,782,307</u>
		<u>\$ 3,588,392</u>

Interest Rate Risk. The Village's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The Village only maintains investments in the Illinois Funds, which is an external investment pool.

Credit Risk. As of March 31, 2010, 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, 2010, the Village did not have a concentration of credit risk.

Foreign Currency Risk. As of March 31, 2010, the Village has no foreign currency risk.

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

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 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 contribution rate for calendar year 2009 was 10.21 percent of annual covered payroll. 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. For 2009, the Village's annual pension cost of \$142,009 for the regular plan was equal to the Village's required and actual contributions.

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>
12/31/2009	\$ 142,009	100%	\$ -
12/31/2008	144,731	100%	-
12/31/2007	140,758	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 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

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

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 15% corridor between the actuarial and market value of assets. The Village's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 23 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was 68.41 percent funded. The actuarial accrued liability for benefits was \$3,183,624 and the actuarial value of assets was \$2,177,881, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,005,743. The covered payroll (annual payroll of active employees covered by the plan) was \$1,390,880 and the ratio of the UAAL to the covered payroll was 72 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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 \$113,904, the total required contribution for the current fiscal year.

NOTE 4: LONG-TERM DEBT

The Village has the following long-term debt as of March 31, 2010.

Bonds Payable

\$2,050,000 Tax Increment Revenue Bonds, Series 2005 (North State Street Redevelopment Project Area) dated March 17, 2005, due in annual installments of \$40,000 to \$255,000 through November 1, 2024; interest at 4.25% to 5.75%. The amount of bonds outstanding as of March 31, 2010 is \$1,900,000. These bonds are being retired by the TIF Fund.

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

\$5,960,000 Local Government Program Revenue Bonds, Series 2005 dated December 20, 2005, due in annual installments of \$235,000 to \$425,000 through December 1, 2025; interest at 3.50% to 4.40%. The amount of bonds outstanding as of March 31, 2010 is \$5,085,000. These bonds are being retired by the Electric Light and Power Fund.

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

Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 80,000	\$ 84,550	\$ 235,000	\$ 207,826
2012	85,000	85,381	245,000	199,602
2013	90,000	81,344	250,000	190,782
2014	90,000	77,069	260,000	181,532
2015	100,000	72,675	270,000	171,652
2016 - 2020	560,000	314,776	1,525,000	688,348
2021 - 2025	895,000	165,951	1,875,000	343,416
2026	-	-	425,000	18,698
	<u>\$ 1,900,000</u>	<u>\$ 881,746</u>	<u>\$ 5,085,000</u>	<u>\$ 2,001,856</u>

EPA Loans

\$129,768 loan with the Illinois Environmental Protection Agency to be repaid with semiannual payments of \$4,562 through February 2013, including 3.36% annual interest. The purpose of the loan was to assist in financing construction of a new lift station and force main for the Sewer Fund. The balance outstanding as of March 31, 2010 is \$25,835.

\$104,816 loan with the Illinois Environmental Protection Agency to be repaid with semiannual payments of \$3,568 through March 2019, including 2.865% annual interest. The loan was used to assist the Water Fund in financing construction of a waterline extension. The balance outstanding as of March 31, 2010 is \$56,263.

\$479,822 loan with the Illinois Environmental Protection Agency to be repaid, by 39 semi-annual installments of \$15,765, including interest at 2.535% annually. The purpose of the loan is to assist in financing construction of sanitary sewer lines and an excess flow clarifier at the West Sewage Treatment Plant. The balance outstanding as of March 31, 2010 is \$301,011.

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

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

Year Ended April 30,	EPA Loans	
	Principal	Interest
2011	\$ 37,940	\$ 9,849
2012	38,996	8,794
2013	40,083	7,707
2014	31,997	7,668
2015	32,834	5,831
2016 - 2020	170,320	15,869
2021	30,939	590
	<u>\$ 383,109</u>	<u>\$ 56,308</u>

Capital Lease

\$36,000 capital lease, CitiCapital Commercial Corporation, dated August 8, 2008, for compact track loader, bears interest at 4.62%; monthly principal and interest payments of \$1,567 are due through July 2010. The balance outstanding as of March 31, 2010 is \$6,209. The lease is being retired partially by the General Fund and by the enterprise funds.

Annual debt service requirements for the capital lease are as follows:

Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
	2011	\$ 931	\$ 9	\$ 5,278
	<u>\$ 931</u>	<u>\$ 9</u>	<u>\$ 5,278</u>	<u>\$ 51</u>

The following is a summary of changes in long-term debt for the year ended March 31, 2010.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-type Activities:</u>					
Bonds Payable	\$ 5,310,000	\$ -	\$ 225,000	\$ 5,085,000	\$ 235,000
Capital Lease	20,633	-	15,355	5,278	5,278
EPA Loans	420,023	-	36,914	383,109	37,940
	<u>\$ 5,750,656</u>	<u>\$ -</u>	<u>\$ 277,269</u>	<u>\$ 5,473,387</u>	<u>\$ 278,218</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 1,970,000	\$ -	\$ 70,000	\$ 1,900,000	\$ 80,000
Capital Lease	3,641	-	2,710	931	931
	<u>\$ 1,973,641</u>	<u>\$ -</u>	<u>\$ 72,710</u>	<u>\$ 1,900,931</u>	<u>\$ 80,931</u>

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

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 December 7, 2009. 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, 2010. 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

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

	<u>Maximum Levy</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Tax Rates:</u>				
General	\$ 0.2500	\$ 0.1249	\$ 0.1202	\$ 0.1250
IMRF	None	0.1435	0.1381	0.1436
Police Protection	0.0750	0.0325	0.0313	0.0325
Audit	None	0.0069	0.0067	0.0069
Civil Defense (ESDA)	0.0500	<u>0.0019</u>	<u>0.0018</u>	<u>0.0019</u>
Total		<u>\$ 0.3097</u>	<u>\$ 0.2981</u>	<u>\$ 0.3099</u>
Assessed Valuations		<u>\$ 86,302,263</u>	<u>\$ 85,461,667</u>	<u>\$ 78,370,113</u>
<u>Tax Extensions:</u>				
General		\$ 107,791	\$ 102,725	\$ 97,963
IMRF		123,844	118,023	112,539
Police Protection		28,048	26,750	25,470
Audit		5,955	5,726	5,408
Civil Defense (ESDA)		<u>1,640</u>	<u>1,538</u>	<u>1,489</u>
Total		<u>\$ 267,278</u>	<u>\$ 254,762</u>	<u>\$ 242,869</u>
Tax Collections		<u>\$ -</u>	<u>\$ 252,437</u>	<u>\$ 243,460</u>
Percent Collected		<u>0.00%</u>	<u>99.09%</u>	<u>100.24%</u>

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

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 80,406	\$ 7,000	\$ -	\$ 87,406
Capital assets, being depreciated:				
Buildings and improvements	500,284	53,401	-	553,685
Infrastructure	50,738	144,245	-	194,983
Vehicles and equipment	555,534	-	16,173	539,361
Total capital assets being depreciated	<u>1,106,556</u>	<u>197,646</u>	<u>16,173</u>	<u>1,288,029</u>
Less accumulated depreciation for:				
Building and improvements	210,900	14,875	-	225,775
Infrastructure	3,803	2,978	-	6,781
Vehicles and equipment	397,763	46,736	16,173	428,326
Total accumulated depreciation	<u>612,466</u>	<u>64,589</u>	<u>16,173</u>	<u>660,882</u>
Total capital assets, being depreciated, net	<u>494,090</u>	<u>133,057</u>	<u>-</u>	<u>627,147</u>
Governmental activities capital assets, net	<u>\$ 574,496</u>	<u>\$ 140,057</u>	<u>\$ -</u>	<u>\$ 714,553</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 242,931	\$ 36,699	\$ -	\$ 279,630
Capital assets, being depreciated:				
Buildings and improvements	6,383,892	-	-	6,383,892
Swimming pool	109,116	-	-	109,116
Distribution and collection system	12,964,532	131,236	-	13,095,768
Vehicles and equipment	1,188,803	71,958	-	1,260,761
Total capital assets, being depreciated	<u>20,646,343</u>	<u>203,194</u>	<u>-</u>	<u>20,849,537</u>
Less accumulated depreciation for:				
Buildings and improvements	2,951,960	326,915	-	3,278,875
Swimming pool	109,116	-	-	109,116
Distribution and collection system	4,937,555	486,558	-	5,424,113
Vehicles and equipment	815,910	31,051	-	846,961
Total accumulated depreciation	<u>8,814,541</u>	<u>844,524</u>	<u>-</u>	<u>9,659,065</u>
Total capital assets, being depreciated, net	<u>11,831,802</u>	<u>(641,330)</u>	<u>-</u>	<u>11,190,472</u>
Business-type activities capital assets, net	<u>\$ 12,074,733</u>	<u>\$ (604,631)</u>	<u>\$ -</u>	<u>\$ 11,470,102</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	\$ 17,941
Public safety	21,686
Highways and streets	23,627
Sanitation	<u>1,335</u>
Total depreciation expense - governmental activities	<u>\$ 64,589</u>
Business-type activities:	
Electric light and power	\$ 666,852
Water	130,387
Sewer	44,425
Swimming pool	<u>2,858</u>
Total depreciation expense-business-type activities	<u>\$ 844,522</u>

NOTE 7: ACCOUNTS RECEIVABLE

The Village records accounts receivable in the Statement of Net Assets for amounts that are due to the Village but have not been received at March 31, 2010. Accounts receivable are largely comprised of billed and unbilled amounts for utilities in the business-type activities. These balances are considered fully collectible at March 31, 2010.

NOTE 8: DEFICIT RETAINED EARNINGS

The following fund had a deficit retained earnings as of March 31, 2010:

Swimming Pool	\$ 150,904
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NOTE 9: SUBSEQUENT EVENT

The Village has evaluated events occurring after the financial statement date through November 23, 2010 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
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 10: INTERFUND BALANCES

The following funds have interfund balances as of March 31, 2010.

General Fund due from (to):	
Motor Fuel Tax Fund	\$ 16,870
Electric Light and Power Fund	(1,206)
Waterworks Fund	(721)
Sewer Fund	(721)
Swimming Pool Fund	(25)
Electric Light and Power Fund due from (to):	
Motor Fuel Tax Fund	2,281
General Fund	1,206
Waterworks Fund due from (to):	
General Fund	721
Sewer Fund due from (to):	
General Fund	721
Swimming Pool Fund due from (to):	
General Fund	25
Motor Fuel Tax Fund due from (to):	
General Fund	(16,870)
Electric Light and Power Fund	(2,281)

NOTE 11: INTERFUND TRANSFERS

The TIF Fund transferred \$105,293 to the General Fund in the year ended March 31, 2010

VILLAGE OF FREEBURG, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2010

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Revenues:			
Property Tax	\$ 517,805	\$ 517,805	\$ 527,736
Replacement Tax	7,000	7,000	5,429
Sales Tax	375,500	375,500	371,738
State Income Tax	360,000	360,000	233,932
Local Use Tax	62,800	62,800	46,917
Telecommunications Tax	140,300	140,300	142,951
Franchise Tax	22,000	22,000	19,071
Utility Tax	192,500	192,500	201,147
Licenses and Permits	29,155	29,155	41,149
Fines and Penalties	16,800	16,800	17,787
Sale of Supplies	525	525	181
Garbage Collection	180,385	180,385	181,227
Rental/Lease Income	6,900	6,900	7,935
Investment Earnings	5,000	5,000	3,263
Grants	1,300	33,690	30,551
Miscellaneous	39,200	39,200	5,297
Transfers	-	-	105,293
Total Revenues	<u>1,957,170</u>	<u>1,989,560</u>	<u>1,941,604</u>
Expenditures:			
Current:			
General Government	502,760	502,760	523,602
Public Safety:			
Police	876,030	876,030	901,404
Civil Defense	3,315	3,315	2,240
Highways and Streets	309,564	309,564	304,047
Sanitation	180,095	180,095	172,323
Capital Outlay	49,690	82,080	60,401
Debt Service	3,000	3,000	2,821
Transfers	30,000	30,000	-
Total Expenditures	<u>1,954,454</u>	<u>1,986,844</u>	<u>1,966,838</u>
Net Change in Fund Balances	<u>\$ 2,716</u>	<u>\$ 2,716</u>	(25,234)
No change for modified cash basis reporting			-
As reported on the Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions			<u>\$ (25,234)</u>

VILLAGE OF FREEBURG, ILLINOIS

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
MARCH 31, 2010

	Calendar Year					
	2009	2008	2007	2006	2005	2004
Actuarial Value of Assets	\$ 2,177,881	\$ 1,980,186	\$ 2,164,633	\$ 1,938,796	\$ 1,906,118	\$ 1,634,772
Actuarial Accrued Liability (AAL)	3,183,624	2,808,978	2,591,322	2,424,770	2,369,471	2,185,706
Unfunded AAL (UAAL)	1,005,743	828,792	426,689	485,974	463,353	550,934
Funded Ratio	68.41%	70.49%	83.53%	79.96%	80.44%	74.79%
Covered Payroll	1,390,880	1,355,164	1,288,995	1,200,992	1,013,012	1,056,041
UAAL as a % of Covered Payroll	72.31%	61.16%	33.10%	40.46%	45.74%	52.17%
Employer Contributions:						
Required	142,009	144,731	140,758	140,636	109,101	112,363
Made	142,009	144,731	140,758	140,636	109,101	112,363
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$2,110,454.
On a market basis, the funded ratio would be 66.29 percent.

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

Actuarial Cost Method:	Entry Age Actuarial Cost
Amortization Method:	Level Percentage of Projected Payroll
Remaining Amortization Period:	23 Years
Asset Valuation Method:	Techniques that smooth the effects of volatility over a 5 year period with a 15% 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, 2010

	<u>Impact Fees</u>	<u>Motor Fuel Tax</u>	<u>TIF</u>	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 216	\$ 54,355	\$ -	\$ 54,571
Investments	17,043	124,000	-	141,043
Restricted Assets	-	-	382,826	382,826
Total Assets	<u>\$ 17,259</u>	<u>\$ 178,355</u>	<u>\$ 382,826</u>	<u>\$ 578,440</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Due to Other Funds	\$ -	\$ 19,151	\$ -	\$ 19,151
Total Liabilities	<u>-</u>	<u>19,151</u>	<u>-</u>	<u>19,151</u>
Fund Balance:				
Unreserved	17,259	159,204	-	176,463
Reserved - Debt Service	-	-	382,826	382,826
Total Fund Balance	<u>17,259</u>	<u>159,204</u>	<u>382,826</u>	<u>559,289</u>
Total Liabilities and Fund Balance	<u>\$ 17,259</u>	<u>\$ 178,355</u>	<u>\$ 382,826</u>	<u>\$ 578,440</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, 2010**

	<u>Impact Fees</u>	<u>Motor Fuel Tax</u>	<u>TIF</u>	<u>Total</u>
Revenues:				
Property Tax	\$ -	\$ -	\$ 195,645	\$ 195,645
Motor Fuel Tax	-	97,410	-	97,410
Sales Tax	-	-	85,902	85,902
Investment Income	<u>2,259</u>	<u>6,976</u>	-	<u>9,235</u>
Total Revenues	<u>2,259</u>	<u>104,386</u>	<u>281,547</u>	<u>388,192</u>
Expenditures:				
Current:				
Highways and Streets	-	77,647	-	77,647
Development	-	-	2,500	2,500
Debt Service:				
Principal	-	-	70,000	70,000
Interest	-	-	82,769	82,769
Capital Outlay	-	<u>144,245</u>	-	<u>144,245</u>
Total Expenditures	<u>-</u>	<u>221,892</u>	<u>155,269</u>	<u>377,161</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,259</u>	<u>(117,506)</u>	<u>126,278</u>	<u>11,031</u>
Other Financing Sources (Uses):				
Transfers to Other Funds	-	-	<u>(105,293)</u>	<u>(105,293)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>2,259</u>	<u>(117,506)</u>	<u>20,985</u>	<u>(94,262)</u>
Fund Balance, Beginning of Year	<u>15,000</u>	<u>276,710</u>	<u>361,841</u>	<u>653,551</u>
Fund Balance, End of Year	<u>\$ 17,259</u>	<u>\$ 159,204</u>	<u>\$ 382,826</u>	<u>\$ 559,289</u>



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling
David L. Kamler
David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

**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

We have audited the accompanying financial statements of the Village of Freeburg, Illinois for the year ended March 31, 2010, and have issued our report thereon dated November 1, 2010. The financial statements are the responsibility of the Village of Freeburg, Illinois' management. Our responsibility is to express an opinion on the financial statements based on our audit.

Our audit was made 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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. Schlosser & Company, L.L.C.
Certified Public Accountants

November 23, 2010

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