

Village of Inverness, Illinois

Annual Financial Report

April 30, 2010

Village of Inverness, Illinois

Table of Contents

| | <u>Page(s)</u> |
|---|----------------|
| Introductory Section | |
| Table of Contents | i - ii |
| Principal Officials | iii |
| Financial Section | |
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 2-10 |
| Basic Financial Statements | |
| Government-Wide Financial Statements | |
| Statement of Net Assets | 11 |
| Statement of Activities | 12 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 13 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets | 14 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 15 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 16 |
| Notes to Financial Statements | 17- 30 |
| Required Supplementary Information (Unaudited) | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund | 31 |
| Analysis of Funding Progress – Illinois Municipal Retirement Fund | 32 |
| Note to Required Supplementary Information | 33 |
| Supplemental Data | |
| Governmental Funds | |
| General Fund | |
| Schedule of Expenditures - Budget and Actual | 34 - 35 |
| Nonmajor Governmental Funds – Special Revenue Funds | |
| Combining Balance Sheet | 36 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 37 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Solid Waste Fund | 38 |

Village of Inverness, Illinois

Table of Contents

| | <u>Page(s)</u> |
|--|----------------|
| Supplemental Data (Continued) | |
| Governmental Funds (Continued) | |
| Nonmajor Governmental Funds – Special Revenue Funds (Continued) | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Motor Fuel Tax Fund | 39 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Street and Bridge Fund | 40 |
| Major Debt Service Fund | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – 2008 Bond Fund | 41 |
| Major Capital Projects Fund | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – 2008 Project Fund | 42 |
| Statistical Section | |
| Property Tax Assessed Valuations, Rates, Extensions and Collections (Unaudited) | 43 |
| Schedule of Legal Debt Margin | 44 |

Village of Inverness, Illinois

Principal Officials

April 30, 2010

President

John A. Tatooles

Trustees

Janice M. Stremel

Richard C. Gallagher

Timothy W. Tiedje

Russell P. Fitton

John R. Willis

Patricia D. Ledvina

Clerk

Diane C. Haas

Deputy Clerk

Ellen Norden

Treasurer

Kenneth A. Klein

Administrator

Curt Carver

Police Chief

Robert R. Haas, Jr.

Independent Auditor's Report



Independent Auditor's Report

The Honorable Village President
and Board of Trustees
Village of Inverness, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Inverness, Illinois, as of and for the year ended April 30, 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 management of the Village of Inverness, Illinois. Our responsibility is to express opinions 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Inverness, Illinois, as of April 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information which includes Management's Discussion and Analysis (pages 2-10), budgetary comparison information (page 31) and pension related information (page 32) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Inverness, Illinois. The accompanying supplemental data as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

McGladrey & Pullen, LLP

Schaumburg, Illinois
October 5, 2010

Management's Discussion and Analysis

VILLAGE OF INVERNESS, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED APRIL 30, 2010

The Village of Inverness' Management's Discussion and Analysis is designed to explain significant financial issues, provide an overview of Village financial activity, identify changes in the Village's financial position, identify material deviations from budget, and identify individual issues and concerns.

This document should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

Net Assets

The Village's total net assets of governmental activities decreased by \$4,036,510 or 34% as a result of this year's operations. The Village does not conduct any business-type activities.

Revenues

The governmental activities revenues totaled \$3,945,227.

Cost of Village Programs

The governmental activities expenditures totaled \$7,981,737.

General Fund

The General Fund reported revenues of \$2,626,531 and expenditures of \$2,440,968, resulting in an operating surplus of \$208,414 after capital lease proceeds of \$22,851.

USING THIS ANNUAL REPORT

In the past, the primary focus of local government financial statements was summarized by fund type and presented on a current financial resource basis. Now, financial statements are presented from two perspectives: government-wide and major fund. These perspectives allow the user to address relevant questions, broaden a basis for comparison and enhance the Village's accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to emulate the corporate sector in that all government and business-type activities are consolidated into columns, which add to a total for the Primary Government. In the case of the Village, there are currently no activities that are classified as business-type. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the Village and its governmental-type activities.

This statement combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various governmental activities, which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services.

The Governmental Activities reflect the Village's basic services, including general government, public safety and public works. Property taxes, investment income, shared state income taxes and sales taxes finance the majority of these services.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than the previous model's fund types.

The Governmental Major Fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the budget or financial plan is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

Infrastructure Assets

The Village implemented the infrastructure portions of GASB 34 prospectively and depreciates assets over their useful lives.

GOVERNMENT-WIDE STATEMENT

Net Assets

Net assets are defined as the amount by which assets exceed liabilities. Net assets can be a useful indicator of a government's financial condition. Assets exceeded liabilities by \$7,779,171 as of April 30, 2010. This is a decrease of \$4,036,510 or 34% over the prior year.

Statement of Net Assets

As of April 30, 2010 and 2009

| | Governmental Activities | | |
|--|----------------------------|----------------------|-----------------------|
| | 2010 | 2009 | Change |
| Current and other assets | \$ 12,558,588 | \$ 17,549,142 | \$ (4,990,554) |
| Capital assets | 5,004,648 | 5,044,160 | (39,512) |
| Total assets | 17,563,236 | 22,593,302 | (5,030,066) |
| Current liabilities | 1,194,793 | 1,721,625 | 526,832 |
| Noncurrent liabilities | 8,589,272 | 9,055,996 | 466,724 |
| Total liabilities | 9,784,065 | 10,777,621 | 993,556 |
| Net Assets: | | | |
| Invested in capital assets, net of debt | 4,980,978 | 5,013,227 | (32,249) |
| Restricted | 4,685,356 | 9,284,087 | (4,598,731) |
| Unrestricted | (1,887,163) | (2,481,633) | 594,470 |
| Total net assets | \$ 7,779,171 | \$ 11,815,681 | \$ (4,036,510) |

A portion of total net assets constitutes investment in capital assets net of accumulated depreciation. For governmental activities, capital assets include land, buildings, improvements other than buildings, vehicles and equipment.

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

- 1) Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net assets.
- 2) Borrowing of Capital – which will increase current assets and long-term debt.
- 3) Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.
- 4) Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.
- 5) Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.
- 6) Reduction of Capital Assets through Depreciation – which will reduce capital assets and investment in capital assets, net of debt.

As indicated above, governmental net assets decreased by \$4,036,510 or 34%.

The following table compares revenue and expenses for the current year:

Statement of Activities
Years Ended April 30, 2010 and 2009

| | Governmental | | |
|-------------------------------|---------------------|----------------------|-----------------------|
| | Activities | | |
| | 2010 | 2009 | Change |
| Revenues | | | |
| Program Revenues | | | |
| Charges for service | \$ 393,964 | \$ 542,690 | \$ (148,726) |
| Grants and contributions | | | |
| Operating | 170,325 | 195,633 | (25,308) |
| General Revenue | | | |
| Property | 2,524,506 | 2,499,749 | 24,757 |
| Other taxes | 662,669 | 759,400 | (96,731) |
| Annexation fees | 1,500 | 3,000 | (1,500) |
| Franchise fees | 123,238 | 96,628 | 26,610 |
| Investment income | 38,305 | 136,808 | (98,503) |
| Miscellaneous | 30,720 | 53,303 | (22,583) |
| Total Revenue | 3,945,227 | 4,287,211 | (341,984) |
| Expenses | | | |
| General Government | 936,934 | 882,039 | 54,895 |
| Public Safety | 1,416,729 | 1,904,473 | (487,744) |
| Public Works | 5,272,411 | 1,639,408 | 3,633,003 |
| Interest | 355,663 | 145,637 | 210,026 |
| Total Expenses | 7,981,737 | 4,571,557 | 3,410,180 |
| Change in Net Assets | (4,036,510) | (284,346) | (3,752,164) |
| Net assets - beginning | 11,815,681 | 12,100,027 | (284,346) |
| Net assets - ending | \$ 7,779,171 | \$ 11,815,681 | \$ (4,036,510) |

There are eight basic impacts on revenues and expenses as reflected below:

Revenues:

- 1) Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.
- 2) Increase/Decrease in Village Board Approved Rates – while certain tax rates are set by State statute, the Village Board has significant authority to impose and periodically increase/decrease rates (property taxes, impact fees, building permit fees, telecommunication taxes and home rule sales tax, etc.).

- 3) Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues (state share revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- 4) Market Impacts on Investment Income – the Village's investment portfolio is managed using a similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

Expenses:

- 5) Introduction of New Programs – within the functional expense categories (General Government, Public Safety and Public Works) individual programs may be added or deleted to meet changing community needs.
- 6) Increase in Authorized Personnel – changes in service demand may cause the Village Board to increase/decrease staffing. Staffing costs represent approximately 50% of the Village's operating costs.
- 7) Increases in Contractual Services – the Village relies heavily on contractual agreements for the delivery of services. Scheduled increases for certain public works activities may have an impact on overall expenses based on their significance to basic operational programming.
- 8) Inflation – while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity specific increases. In addition, inflationary factors will impact costs associated with contractual service agreements.

For the fiscal year ended April 30, 2010, revenues from all activities totaled \$3,945,227. This was 8% lower than the prior year amount of \$4,287,211. The \$341,984 difference is mostly the result of reduced fees from development activity, lower interest income on cash assets and decreased intergovernmental revenues from the State of Illinois. All of these factors are reflective of the economic conditions facing the region.

Expenses

Total expenses for all activities for the year ended April 30, 2010 were \$7,981,737. This was an increase of \$3,410,180 (75%) from the previous year. This increase was due primarily to the fact that the Village embarked on the first year of a Village wide road and drainage improvement program that was funded by proceeds from the 2008 GO Bond issue. Total project expenses related to this effort exceeded \$4.6 million. In previous years the Village relied on current revenues or reserves for this purpose and project expenses were typically in the range of \$550,000 to \$800,000. In comparison, the Village spent \$778,888 in FY 2009 for street resurfacing and related drainage improvements.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. 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.

At April 30, 2010, the governmental funds reported a combined fund balance of \$10,613,614. This is a 27% decrease from the previous year's ending balance of \$14,538,933. This decrease was the result of expenses related to the first year of the Village wide road and drainage improvement program referred to above. The 2008 Project Fund began the year with over \$9.2 million, which accounted for most of the proceeds from the 2008 GO Bond issue. During the year, the Village resurfaced over 15 miles of streets and related improvements at a cost of \$4.6 million. This spending down of bond proceeds accounts for the decline in combined fund balance. The remaining Governmental Funds experienced slight increases in fund balance at year end.

Total revenues for Governmental Funds for fiscal year 2010 were \$4,456,362. This was an increase over the prior year's revenues of \$3,562,037. The Village received \$1,222,938 in additional property taxes to pay principal and interest on the debt service for the 2008 GO Bonds. This was the first year that the bond levy was extended and reflects one and one half years of property tax collections based on the timing and methodology used by Cook County for new tax extensions. This additional revenue was offset to some extent by declines in investment income of \$98,301 or 72%, licenses and permits of \$145,796 or 50% and state shared revenues of \$97,175 or 13% from the prior year. These declines are reflective of the general economic conditions of the region.

Total expenditures for governmental funds for the year ended April 30, 2010, were \$8,404,532, which was an increase of approximately 78% over the previous year's \$3,684,803. As was discussed above, this increase represents the first year of the Village wide road and drainage improvement program. The Village spent approximately \$3.8 million more on road improvements during the year than it had the prior year. Total project expenses were \$4,628,179 for the year. Expenditures across all operating funds were \$337,848 less than the approved budget. Only the Street and Bridge Fund exceeded budgetary limits by \$14,083 or 4% due to end of season road salt purchases. This was the first year that the Village police department was fully operational. Total expenses were \$141,390 less than the department's approved budget of \$1,541,000. Aside from the first year of the Village wide road and drainage improvement program and the first year of police department operations, other significant projects that were undertaken include: \$141,901 for residential solid waste disposal and \$330,206 for snow removal/ice control.

General Fund Budgetary Highlights
Year Ended April 30, 2010

| General Fund | Original and Final Budget | Actual | Over/ Under |
|-------------------------------|--|-------------------|------------------------|
| Revenues | | | |
| Property taxes | \$ 1,541,700 | \$ 1,673,444 | \$ 131,744 |
| Other taxes | 773,700 | 662,669 | (111,031) |
| Grants | 75,000 | - | (75,000) |
| Licenses and permits | 135,000 | 84,232 | (50,768) |
| Fines and forfeitures | 40,000 | 27,748 | (12,252) |
| Annexation fees | - | 1,500 | 1,500 |
| Park District note | 10,000 | - | (10,000) |
| Franchise fees | 94,000 | 123,238 | 29,238 |
| Interest | 100,000 | 27,534 | (72,466) |
| Miscellaneous | 5,000 | 26,166 | 21,166 |
| Debt issuance proceeds | - | 22,851 | 22,851 |
| Total | 2,774,400 | 2,649,382 | (125,018) |
| Expenditures | 2,751,700 | 2,440,968 | 310,732 |
| Change in Fund Balance | \$ 22,700 | \$ 208,414 | \$ 185,714 |

General Fund Budgetary Highlights

As of April 30, 2010, actual revenues and other financing sources were \$125,018 less than budgeted amounts. Actual expenditures were \$310,732 less than the approved budget. The General Fund experienced an increase in fund balance of \$208,414, which compared favorably to a budgeted amount of \$22,700.

The Village did not revise the total annual operating budget during the year. The Appropriation Ordinance was amended prior to the end of the fiscal year to reflect increased legal expenses related to certain code enforcement efforts and to respond to a challenge to the Village's subdivision ordinance. This amendment did not change overall appropriations by fund and was simply a reallocation of funding limits within the General Fund. A schedule showing the budget amounts compared to the Village's actual financial activity is presented as required supplementary information in the financial statements.

Capital Assets

At the end of fiscal year 2010, the Village had a combined total of capital assets (net of accumulated depreciation) of \$5,004,648 comprised of land, buildings, improvements other than buildings, vehicles and equipment. This amount represents a net decrease (including additions and deletions) of \$39,512 over fiscal year 2009. Most of this can be attributed to the depreciation of capital assets held in the prior year. There was also one new vehicle purchased during the year.

**Capital Assets at Year-End
Net of Depreciation
April 30, 2010 and 2009**

| | Governmental Activities | |
|----------------------------------|------------------------------------|---------------------|
| | 2010 | 2009 |
| Land | \$ 3,597,208 | \$ 3,597,208 |
| Buildings | 1,094,534 | 1,124,948 |
| Improvements other than building | 224,152 | 249,374 |
| Vehicles and equipment | 88,754 | 72,630 |
| Total | \$ 5,004,648 | \$ 5,044,160 |

Outstanding Debt

In December 2008, the Village issued \$9,500,000 in GO Bonds to pay the costs of a system wide improvement to the Village's street network. These bonds received a rating of AAA from Standard & Poor's. The true interest cost of the issue was 4.0231% over the 15-year debt service schedule. The debt service requirements associated with this issue are outlined in Note 8 of these Financial Statements. Property taxes have been pledged to pay principal and interest on these bonds. The Village also purchased one vehicle using a capital lease.

Economic Factors and a Look to the Future

The Village's reliance on the GO bond proceeds to fund a Village wide street and drainage program has stopped a trend since 2001 of using General Fund reserves to fund infrastructure maintenance efforts, which was simply not sustainable. This financing mechanism will allow the Village to improve and maintain its infrastructure without draining the reserves of the General Fund in the short term. Bond proceeds should provide funding for two more years of program expenses whereby the general condition of the Village's overall street system will be improved. Not all streets will be resurfaced however. As these proceeds are depleted, the Village will need to access future maintenance requirements and the funding mechanism to be used.

The first full-year of operations for the Police Department has reduced costs associated with this core municipal function. The current staffing model has allowed the Village to control personnel related expenses, especially pensions. Intergovernmental agreements to efficiently out-source operational components of the police function have been beneficial in controlling operating costs, while maintaining the capacity to serve the public safety needs of Village residents. First year savings of approximately \$400,000 over a contract services model were realized. Moving forward, the Village will need to address capital replacement needs, staffing and space requirements for the department.

The Village has not been immune to the larger economic issues facing the region. Development fees, interest income and state shared revenues continue to decline. This condition is not expected to change in the near future. Operational and/or structural changes may be needed to address this declining revenue base. In addition, the State of Illinois continues to fall behind on their obligations to pay the local share of the state income tax. There is a great deal of uncertainty with respect to this important revenue source that could have a dramatic impact on the Village's financial resources in the future. Additionally, Cook County continues to be late with real estate property tax collections. At the present time existing funds' reserves are sufficient to cover time sensitive obligations such as bond debt service that are property tax dependent.

However, as the Village becomes more dependent on property tax revenues in the future, the County's inability to timely distribute property tax bills may become more fiscally troubling.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report may be directed to Curt Carver, Village Administrator, Village of Inverness, 1400 Baldwin Road, Inverness, Illinois 60067.

Basic Financial Statements

Village of Inverness, Illinois**Statement of Net Assets****April 30, 2010**

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Current | |
| Cash and investments | \$ 10,868,503 |
| Receivables | |
| Property taxes | 1,251,736 |
| Intergovernmental | 291,601 |
| Accrued interest | 484 |
| Other assets | 2,329 |
| Total current assets | <u>12,414,653</u> |
| Noncurrent | |
| Bond issuance costs, net of accumulated amortization of \$22,144 | 143,935 |
| Capital assets (net of accumulated depreciation) | |
| Land | 3,597,208 |
| Buildings | 1,094,534 |
| Improvements other than buildings | 224,152 |
| Vehicles and equipment | 88,754 |
| Total noncurrent assets | <u>5,148,583</u> |
| Total assets | <u>17,563,236</u> |
| Liabilities | |
| Current | |
| Accounts payable | 373,752 |
| Deposits payable | 197,595 |
| Interest payable | 141,175 |
| Capital lease payable | 12,271 |
| Bonds payable | 470,000 |
| Total current liabilities | <u>1,194,793</u> |
| Noncurrent | |
| Capital lease payable | 11,399 |
| Bonds payable, net | 8,577,873 |
| Total noncurrent liabilities | <u>8,589,272</u> |
| Total liabilities | <u>9,784,065</u> |
| Net Assets | |
| Invested in capital assets, net of related debt | 4,980,978 |
| Restricted for streets and bridges | 36,244 |
| Restricted for capital projects | 4,649,112 |
| Unrestricted | <u>(1,887,163)</u> |
| Total net assets | <u>\$ 7,779,171</u> |

See Notes to Financial Statements.

Village of Inverness, Illinois

Statement of Activities

Year Ended April 30, 2010

| Functions/Programs | Expenses | Program Revenues | | Net (Expense), Revenue, and Changes in Net Assets |
|-------------------------|---------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities | | | | |
| General government | \$ 936,934 | \$ 84,232 | \$ - | \$ (852,702) |
| Public safety | 1,416,729 | 27,748 | - | (1,388,981) |
| Public works | 5,272,411 | 281,984 | 170,325 | (4,820,102) |
| Interest | 355,663 | - | - | (355,663) |
| Total | <u>\$ 7,981,737</u> | <u>\$ 393,964</u> | <u>\$ 170,325</u> | <u>(7,417,448)</u> |

General revenues

Taxes

Property 2,524,506

Personal property replacement 4,332

Sales 137,808

Income and use 520,529

Annexation fees 1,500

Franchise fees 123,238

Investment income 38,305

Miscellaneous 30,720

Total general revenues 3,380,938

Change in net assets (4,036,510)

Net assets - beginning 11,815,681

Net assets - ending \$ 7,779,171

See Notes to Financial Statements.

Village of Inverness, Illinois

Balance Sheet - Governmental Funds

April 30, 2010

| | General Fund | 2008 Bond Fund | 2008 Project Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------|-------------------------|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and investments | \$ 5,058,422 | \$ 409,716 | \$ 4,809,935 | \$ 590,430 | \$ 10,868,503 |
| Receivables | | | | | |
| Property taxes | 789,850 | 409,488 | - | 52,398 | 1,251,736 |
| Intergovernmental | 276,961 | - | - | 14,640 | 291,601 |
| Accrued interest | 484 | - | - | - | 484 |
| Due from other funds | - | - | - | 55,324 | 55,324 |
| Other assets | 2,329 | - | - | - | 2,329 |
| Total assets | \$ 6,128,046 | \$ 819,204 | \$ 4,809,935 | \$ 712,792 | \$ 12,469,977 |
| Liabilities | | | | | |
| Accounts payable | \$ 207,601 | \$ - | \$ 160,823 | \$ 5,328 | \$ 373,752 |
| Deferred revenues - property tax | 773,155 | 400,588 | - | 51,138 | 1,224,881 |
| Deferred revenues - other tax | 4,811 | - | - | - | 4,811 |
| Due to other funds | - | - | - | 55,324 | 55,324 |
| Deposits payable | 197,595 | - | - | - | 197,595 |
| Total liabilities | 1,183,162 | 400,588 | 160,823 | 111,790 | 1,856,363 |
| Fund Balances | | | | | |
| Reserved for debt service | - | 418,616 | - | - | 418,616 |
| Reserved for capital projects | - | - | 4,649,112 | - | 4,649,112 |
| Unreserved, reported in: | | | | | |
| General fund | 4,944,884 | - | - | - | 4,944,884 |
| Special revenue funds | - | - | - | 601,002 | 601,002 |
| Total fund balances | 4,944,884 | 418,616 | 4,649,112 | 601,002 | 10,613,614 |
| Total liabilities and fund balances | \$ 6,128,046 | \$ 819,204 | \$ 4,809,935 | \$ 712,792 | \$ 12,469,977 |

See Notes to Financial Statements.

Village of Inverness, Illinois

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**

April 30, 2010

| | |
|--|---------------|
| Total fund balances-governmental funds | \$ 10,613,614 |
|--|---------------|

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

| | |
|--|-----------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 5,004,648 |
|--|-----------|

| | |
|---|-----------|
| Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds. | 1,229,692 |
|---|-----------|

Some assets and liabilities reported in the Statement of Net Assets do not
provide current financial resources or require the use of current financial resources
and, therefore, are not reported as assets or liabilities in governmental funds.

These amounts consist of:

| | |
|---------------------------------|-------------|
| Interest payable | (141,175) |
| Capital lease payable | (23,670) |
| Unamortized bond issuance costs | 143,935 |
| Unamortized bond premium | (12,873) |
| Bonds payable | (9,035,000) |

| | |
|---------------------------------------|---------------------|
| Net assets of governmental activities | <u>\$ 7,779,171</u> |
|---------------------------------------|---------------------|

See Notes to Financial Statements.

Village of Inverness, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances –
 Governmental Funds
 Year Ended April 30, 2010

| | General Fund | 2008 Bond Fund | 2008 Project Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------|-------------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | |
| Property taxes | \$ 1,673,444 | \$ 1,222,938 | \$ - | \$ 139,259 | \$ 3,035,641 |
| Other taxes | 662,669 | - | - | - | 662,669 |
| Charges for services | - | - | - | 219,879 | 219,879 |
| Licenses and permits | 84,232 | - | - | 62,105 | 146,337 |
| Fines and forfeitures | 27,748 | - | - | - | 27,748 |
| Intergovernmental | - | - | - | 170,325 | 170,325 |
| Annexation fees | 1,500 | - | - | - | 1,500 |
| Franchise fees | 123,238 | - | - | - | 123,238 |
| Interest | 27,534 | 79 | 9,790 | 902 | 38,305 |
| Miscellaneous | 26,166 | - | - | 4,554 | 30,720 |
| Total revenues | 2,626,531 | 1,223,017 | 9,790 | 597,024 | 4,456,362 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 874,872 | 350 | - | - | 875,222 |
| Public safety | 1,363,526 | - | - | - | 1,363,526 |
| Public works | 113,248 | - | 301,868 | 530,984 | 946,100 |
| Debt service | | | | | |
| Principal retirement | 13,008 | 465,000 | - | - | 478,008 |
| Interest expense | 911 | 339,051 | - | - | 339,962 |
| Capital outlay | 75,403 | - | 4,326,311 | - | 4,401,714 |
| Total expenditures | 2,440,968 | 804,401 | 4,628,179 | 530,984 | 8,404,532 |
| Excess (deficiency) of revenues over expenditures | 185,563 | 418,616 | (4,618,389) | 66,040 | (3,948,170) |
| Other financing sources (uses) | | | | | |
| Capital lease issuance | 22,851 | - | - | - | 22,851 |
| Transfers in | - | - | - | 155,324 | 155,324 |
| Transfers out | - | - | - | (155,324) | (155,324) |
| Total other financing sources (uses) | 22,851 | - | - | - | 22,851 |
| Net change in fund balances | 208,414 | 418,616 | (4,618,389) | 66,040 | (3,925,319) |
| Fund balances - beginning | 4,736,470 | - | 9,267,501 | 534,962 | 14,538,933 |
| Fund balances - ending | \$ 4,944,884 | \$ 418,616 | \$ 4,649,112 | \$ 601,002 | \$ 10,613,614 |

See Notes to Financial Statements.

Village of Inverness, Illinois

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended April 30, 2010**

| | |
|--|----------------|
| Net change in fund balances-total governmental funds | \$ (3,925,319) |
|--|----------------|

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

| | |
|---|----------|
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded capital outlay in the current period. (\$44,009 current additions less \$83,521 depreciation) | (39,512) |
|---|----------|

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. These transactions however, have no effect on net assets.

| | |
|--------------------------------------|----------|
| Capital lease issuance | (22,851) |
| Principal retirement - capital lease | 13,008 |
| Principal retirement - bonds | 465,000 |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

| | |
|-----------------------------|-----------|
| Change in deferred revenues | (511,135) |
|-----------------------------|-----------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

| | |
|---|----------|
| Amortization of bond premium and issuance costs | (10,081) |
| Increase in interest payable | (5,620) |

| | |
|---|-----------------------|
| Change in net assets of governmental activities | <u>\$ (4,036,510)</u> |
|---|-----------------------|

See Notes to Financial Statements.

Village of Inverness, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The Village is a municipal corporation governed by an elected seven-member board. The financial statements of the Village of Inverness, Illinois (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) 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 Village's accounting policies are described below.

Reporting Entity

Accounting principles generally accepted in the United States of America require the reporting entity to include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria there are no potential component units which should be included with the Village's financial statements nor is the Village considered to be a potential component unit of any other government.

Government-wide and Fund Financial Statements

Government-wide Financial Statements: The government-wide Statement of Net Assets and Statement of Activities report the overall financial activity of the Village. Eliminations have been made to minimize the double counting of internal activities of the Village. The financial activities of the Village consist only of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The Statement of Net Assets presents the Village's non-fiduciary assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets, if any.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted net assets consist of net assets that do not meet the criteria of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government, public safety and public works) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs (including fines and fees), and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Village of Inverness, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: Separate financial statements are provided for governmental funds. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Village's major funds include the General Fund, the 2008 Bond Fund and the 2008 Project Fund. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The Village has no enterprise funds.

The Village administers the following major governmental funds:

General Fund – This is the Village's primary operating fund. It accounts for all financial resources of the general government. The services which are administered by the Village and accounted for in the general fund include general government, public safety, and public works.

2008 Bond Fund – This is the Village's debt service fund and will be used to retire the principal and interest payments on the Series 2008 General Obligation Bonds. Financing will be provided by a property tax levy.

2008 Project Fund – This is the Village's capital projects fund and will be used to record construction and road improvement related activities for various street projects. Financing was provided by issuance of \$9.5 million General Obligation Bonds, Series 2008.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, State shared revenues and various State, Federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, State shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Village of Inverness, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Joint Venture - Solid Waste Agency of Northern Cook County (SWANCC)

SWANCC is a municipal corporation empowered to plan, finance, construct and operate a solid waste disposal system to serve its member municipalities. Management consists of a Board of Directors comprised of one appointed representative from each member. The Village does not exercise any control over the activities of SWANCC beyond its representation on the Board.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

Investments

Investments are reported at fair value based on quoted market prices.

Capital Assets

Capital assets which include land, buildings, improvements other than buildings, machinery and equipment are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000, and an estimated useful life of two years or greater. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures for asset acquisitions and improvements are stated as capital outlay expenditures in the governmental funds.

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

Infrastructure assets acquired prior to May 1, 2004 are not capitalized as allowed for "Level 3" governments by GASB Statement No. 34.

Village of Inverness, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Depreciation of capital assets is recorded in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

| | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 50 |
| Improvements other than buildings | 15 – 50 |
| Vehicles and equipment | 2 – 10 |

Gains or losses from sales or retirements of capital assets are included in the operations on the Statement of Activities.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."

Interfund Receivables/Payables

The Village has the following types of transactions between funds:

Loans and advances—amounts provided with a requirement for repayment. In the fund financial statements, interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds.

Services provided and used—sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as due to/from other funds in the fund balance sheets or fund statements of net assets.

Reimbursements—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

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

Village of Inverness, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Revenue

The Village defers revenue recognition in connection with resources that have been received, but not yet earned.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Long-term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Debt service funds are specifically established to account for and service the long-term obligations for the governmental funds debt. Long-term debt is recognized as a liability in a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed with available financial resources (if any) is reported as a fund liability of a governmental fund.

Restricted Net Assets

As of April 30, 2010, the Village reported \$36,244 of net assets that are restricted for street and bridge repairs and other improvements, and \$4,649,112 for various street improvements in connection with the 2008 bond issuance.

Village of Inverness, Illinois

Notes to Financial Statements

Note 2. Legal Compliance and Accountability

Budgets

An annual budget is prepared for all Village Funds. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested funding for the next fiscal year.

The proposed budget is presented to the governing body for review. On the basis of the approved budget, the appropriation ordinance is prepared. The governing body holds public hearings and may add to, subtract from or change appropriations.

The appropriation ordinance may be amended by the governing body. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, there was one amendment to the appropriation ordinance.

The budget amounts in these financial statements reflect the Village's financial plan. These budget amounts are less than the legally enacted appropriation ordinance. As of April 30, 2010, the Street and Bridge expenditures exceeded the final budget amounts by \$14,083. Additionally, expenditures in the 2008 Bond Fund exceeded the final budget amounts by \$301. Total expenditures, however, did not exceed the appropriated amounts.

Note 3. Deposits and Investments

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet – governmental funds and the statement of net assets as "cash and investments." In addition, investments are separately held by several of the Village's funds.

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds. The Village does not have a policy that further limits its permitted deposits and investments. The Village adheres to the State statutes identified above and has not adopted any policies for cash and/or investments addressing custodial risk, interest rate risk or credit risk.

Village of Inverness, Illinois

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

Interest Rate Risk.

As of April 30, 2010, the Village had the following investments and maturities.

| Investment Type | Fair Value | Maturities Less Than One Year |
|--|---------------|-------------------------------------|
| Illinois Metropolitan Investment Trust | \$ 575,978 | \$ 575,978 |
| Illinois Funds | 8,630,210 | 8,630,210 |
| Total | \$ 9,206,188 | \$ 9,206,188 |

The Illinois Metropolitan Investment Trust and Illinois Funds are displayed as maturing in less than one year because the weighted average maturities of the individual pools are each less than one year.

The Illinois Metropolitan Investment Fund (IMET) and The Illinois Funds Investment Pool (IFIP) are not registered with the SEC. Oversight for IMET is provided by the IMET Board. The Board is responsible for policy formulation, as well as policy and administration oversight. IFIP is managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. IFIP is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. For both pools, the fair value of the positions in the pool is the same as the value of the pool shares.

Credit Risk.

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The Village does not have an investment policy that further limits its investment options. As of April 30, 2010, the Illinois Metropolitan Investment Fund (IMET) and the Illinois Funds Investment Pool (IFIP) were both rated AAA by Standard and Poors.

Note 4. Receivables - Taxes

Property taxes for 2009 attach as an enforceable lien on January 1, 2009 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1, 2010 and July 1, 2010, and are payable in two installments, on or about March 1, 2010 and August 1, 2010. The County collects such taxes and remits them periodically.

Village of Inverness, Illinois

Notes to Financial Statements

Note 5. Capital Assets

A summary of changes in capital assets for governmental activities of the Village is as follows:

| | Balance May 1 | Additions | Deletions | Balance April 30 |
|---|---------------------|--------------------|-------------|---------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,597,208 | \$ - | \$ - | \$ 3,597,208 |
| Capital assets being depreciated: | | | | |
| Buildings | 1,520,714 | - | - | 1,520,714 |
| Improvements other than buildings | 504,430 | - | - | 504,430 |
| Vehicles and equipment | 160,144 | 44,009 | - | 204,153 |
| | <u>2,185,288</u> | <u>44,009</u> | <u>-</u> | <u>2,229,297</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 395,766 | 30,414 | - | 426,180 |
| Improvements other than buildings | 255,056 | 25,222 | - | 280,278 |
| Vehicles and equipment | 87,514 | 27,885 | - | 115,399 |
| | <u>738,336</u> | <u>83,521</u> | <u>-</u> | <u>821,857</u> |
| Total capital assets being depreciated, net | <u>1,446,952</u> | <u>(39,512)</u> | <u>-</u> | <u>1,407,440</u> |
| Governmental activities capital assets, net | <u>\$ 5,044,160</u> | <u>\$ (39,512)</u> | <u>\$ -</u> | <u>\$ 5,004,648</u> |

Total depreciation of \$83,521 was allocated as follows:

| | |
|--------------------|------------------|
| General government | \$ 71,238 |
| Public safety | 12,283 |
| | <u>\$ 83,521</u> |

Village of Inverness, Illinois

Notes to Financial Statements

Note 6. Interfund Activity

Individual interfund transfers for the Village at April 30, 2010, are shown as follows:

| Fund | Detail | Transfers From Other Funds |
|-------------------|----------------|-------------------------------|
| Street and Bridge | Street repairs | \$ 155,324 |

| Fund | | Transfers To Other Funds |
|----------------|----------------|-----------------------------|
| Motor Fuel Tax | Street repairs | \$ 155,324 |

Note 7. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. These risks, along with medical claims for employees and retirees, are provided for through a combination of purchased coverage and participation in public entity risk pool. The Village currently reports all of its risk management activities in its General Fund.

The Village has joined together with other local governments in Illinois to form the Municipal Insurance Cooperative Association (MICA). MICA is a public entity risk pool operating a common risk management and insurance program for its member governments. MICA maintains \$1,000,000 specific reinsurance contracts for a \$150,000 limit on property claims, \$200,000 limit on liability claims, \$400,000 limit on workers' compensation claims and a \$50,000 limit on crime claims. MICA also maintains a \$9,000,000 reinsurance contract for total loss aggregate of \$10,000,000. The Village pays an annual premium to MICA based upon a risk exposure formula and the Village's prior experience within the pool to cover potential claims to the total loss aggregate of \$8,002,000. In addition, the Village pays the first \$1,000 for property, liability and crime claims. Amounts paid into the pool in excess of claims for any coverage year are rebated back to members in subsequent periods. The Village records such rebates as miscellaneous revenue in the General Fund in the year in which they are received.

Risks for medical and death benefits for current employees are provided through insurance purchased from private insurance companies. Retired employees are not eligible to participate.

There have been no reductions in the Village's insurance coverage for any of its programs since the prior fiscal year. Settlements have not exceeded insurance coverage during the current year or prior three fiscal years.

Village of Inverness, Illinois

Notes to Financial Statements

Note 8. Long-Term Obligations

The following is a summary of long-term obligation activity associated with governmental activities for the year ended April 30, 2010:

| | Balance May 1, 2009 | Additions | Retirements | Balance April 30, 2010 | Due Within One Year |
|-----------------------------------|---------------------------|------------------|-------------------|------------------------------|---------------------------|
| Capital Lease Payable | \$ 13,827 | \$ 22,851 | \$ 13,008 | \$ 23,670 | \$ 12,271 |
| General Obligation Bonds Payable* | 9,500,000 | - | 465,000 | 9,035,000 | 470,000 |
| | <u>\$ 9,513,827</u> | <u>\$ 22,851</u> | <u>\$ 478,008</u> | <u>\$ 9,058,670</u> | <u>\$ 482,271</u> |

* Amount reported in the statement of net assets for governmental activities includes an unamortized premium of \$12,873.

The following is a summary of debt transactions of the Village for the year ended April 30, 2010:

General Obligation Bonds – On December 15, 2008, the Village issued \$9.5 million general obligation bonds, series 2008, due in annual installments of \$465,000 to \$860,000 plus interest at variable rates ranging from 3.00% to 4.35% through December 1, 2023. The bonds were issued to provide funds for the improvement of infrastructure.

Capital Lease – On October 1, 2008, the Village entered into a capital lease agreement for the purchase of a police vehicle. The lease requires three annual consecutive payments of \$7,606 (includes interest at 6.65%), through October 15, 2010. The General Fund will be used to liquidate the capital lease. The book value of the leased police vehicle is \$20,004 (cost of \$21,433 less \$1,429 in accumulated depreciation).

Capital Lease – On June 23, 2009, the Village entered into a capital lease agreement for the purchase of a multi-purpose vehicle. The lease requires four annual consecutive payments of \$6,313 (includes interest at 7.1%), through June 23, 2012. The General Fund will be used to liquidate the capital lease. The book value of the leased police vehicle is \$20,004 (cost of \$22,851 less \$1,429 in accumulated depreciation).

Village of Inverness, Illinois

Notes to Financial Statements

Note 8. Long-Term Obligations (Continued)

As of April 30, 2010, debt service requirements to maturity on the outstanding debt, including interest, are as follows:

| Year Ending April 30 | Governmental Activities | | | | | |
|-------------------------|-------------------------|---------------------|----------------------|------------------|-----------------|------------------|
| | Bonds | | | Capital Lease | | |
| | Principal | Interest | Total | Principal | Interest | Total |
| 2011 | \$ 470,000 | \$ 338,820 | \$ 808,820 | \$ 12,271 | \$ 1,648 | \$ 13,919 |
| 2012 | 490,000 | 324,720 | 814,720 | 5,504 | 809 | 6,313 |
| 2013 | 515,000 | 310,020 | 825,020 | 5,895 | 419 | 6,314 |
| 2014 | 540,000 | 294,570 | 834,570 | - | - | - |
| 2015 | 565,000 | 277,830 | 842,830 | - | - | - |
| 2016-2020 | 3,250,000 | 1,068,585 | 4,318,585 | - | - | - |
| 2021-2024 | 3,205,000 | 351,485 | 3,556,485 | - | - | - |
| Total | <u>\$ 9,035,000</u> | <u>\$ 2,966,030</u> | <u>\$ 12,001,030</u> | <u>\$ 23,670</u> | <u>\$ 2,876</u> | <u>\$ 26,546</u> |

Note 9. Commitments and Contingencies

Solid Waste Agency of Northern Cook County (SWANCC)

The Village has committed to pay its share of the annual operating costs and fixed costs of SWANCC. The Village's share of dual costs is expected to be funded through tipping fees paid by refuse haulers.

SWANCC has entered into Solid Waste Disposal Contracts with member municipalities. The Contracts are irrevocable and may not be terminated or amended except as provided in the Contract. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual cost of the system.

The obligation of the Village to make all payments as required by this Contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under this Contract.

The Village's contract with the Solid Waste Agency of Northern Cook County provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

Intergovernmental Agreement

The Village is a member of the Northwest Central Dispatch System (NWCDs) which serves 12 municipalities. NWCDs is a consolidated, multi-jurisdictional emergency communications system that answers approximately 274,000 emergency telephone calls per year and dispatches about 222,000 police calls and 52,000 fire/EMS calls for member municipalities. It has an authorized staff of 92.

The Village remitted \$200,847 to NWCDs for year ended April 30, 2010.

Village of Inverness, Illinois

Notes to Financial Statements

Note 10. Joint Ventures - Solid Waste Agency of Northern Cook County (SWANCC)

Description of Joint Venture

The Village is a member of the Solid Waste Agency of Northern Cook County (SWANCC) which consists of 23 municipalities. SWANCC is a municipal corporate and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SWANCC is empowered under the Act to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members. SWANCC is reported as a nonequity governmental joint venture.

Complete financial statements can be obtained from the Solid Waste Agency of Northern Cook County, 1616 East Golf Road, Des Plaines, Illinois 60016.

In accordance with the joint venture agreement, the Village made payments of \$141,901 to SWANCC for the fiscal year.

Note 11. Employee Retirement Systems

Illinois Municipal Retirement

Plan Description

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer public retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. All employees, except those covered by the police and fire pension plans, hired in positions that meet or exceed the prescribed annual hourly standard, must be enrolled in IMRF as participating members. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy

As set by statute, employer regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 13.36 percent of annual covered payroll. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Village of Inverness, Illinois

Notes to Financial Statements

Note 11. Employee Retirement Systems (Continued)

Illinois Municipal Retirement (Continued)

Annual Pension Cost

The Village's annual pension cost of \$45,474 for the regular plan was equal to the Village's required and actual contributions.

Trend Information

| <u>Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|------------------------|--|--|---------------------------------------|
| 12/31/07 | \$ 39,856 | 100 % | \$ - |
| 12/31/08 | 36,084 | 100 | - |
| 12/31/09 | 45,474 | 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) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at 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 Regular plan was 61.95 percent funded. The actuarial accrued liability for benefits was \$1,021,911 and the actuarial value of assets was \$633,035, resulting in an underfunded actuarial accrued liability (UAAL) of \$388,876. The covered payroll (annual payroll of active employees covered by the plan) was \$340,376 and the ratio of the UAAL to the covered payroll was 114 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Village of Inverness, Illinois

Notes to Financial Statements

Note 12. Other Employee Benefits

The Village has established a Police Pension Fund for sworn officers in accordance with Illinois Compiled Statutes (40 ILCS 5/3 et seq.) At the present time, no officers have applied to participate in the Fund. As an alternative for sworn officers who do not make written application to the Police Pension Fund, the Village has established a section 401 (a) savings plan, referred to below.

During fiscal year 2009, in conjunction with establishing a new police department, the Village established a section 401(a) savings plan (Plan) for its qualified police officers. The Plan is a defined contribution retirement savings plan established to provide benefits at retirement to police officers employed by the Village. Full-time police officers hired by the Village that do not make application to participate in the police pension fund of the Village and subsequently become ineligible for participation may participate in the Village's 401(a) Plan.

As of April 30, 2010, twelve officers were participating in the Plan. The Plan requires an initial and irrevocable election as to mandatory employee contributions (from 0% - 20% of covered payroll) and the Village contributes 10% of covered payroll. Plan provisions and contribution requirements of the Village were established, and may only be amended by the Village Board. Total Village contributions for the year ended April 30, 2010 were \$79,850.

Other than IMRF and the 401(a) savings plan, the Village offers no other post employment benefits (such as retiree health insurance) to its employees.

Note 13. New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets. All intangible assets not specifically excluded by the scope of this Statement should be classified as capital assets. All existing authoritative guidance for capital assets should be applied to these intangible assets, as applicable. This Statement will become effective for the year ending April 30, 2011.

Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts. This Statement will become effective for the year ending April 30, 2011.

Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. This Statement will become effective for the year ending April 30, 2012.

Management has not currently determined what impact, if any, these Statements may have on its financial statements.

Required Supplementary Information

Village of Inverness, Illinois

General Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2010**

| | Original and Final Budget | Actual | Variance With Final Budget |
|--------------------------------------|---------------------------------|---------------------|----------------------------------|
| General government | | | |
| Taxes | | | |
| Property taxes | \$ 1,541,700 | \$ 1,673,444 | \$ 131,744 |
| Sales taxes | 159,500 | 137,808 | (21,692) |
| Income taxes | 610,700 | 520,529 | (90,171) |
| Replacement taxes | 3,500 | 4,332 | 832 |
| Grants | 75,000 | - | (75,000) |
| Licenses and permits | 135,000 | 84,232 | (50,768) |
| Fines and forfeitures | 40,000 | 27,748 | (12,252) |
| Annexation Fees | - | 1,500 | 1,500 |
| Park District note | 10,000 | - | (10,000) |
| Franchise fees | 94,000 | 123,238 | 29,238 |
| Interest | 100,000 | 27,534 | (72,466) |
| Miscellaneous | 5,000 | 26,166 | 21,166 |
| Total revenues | <u>2,774,400</u> | <u>2,626,531</u> | <u>(147,869)</u> |
| Expenditures | | | |
| Current | | | |
| General government | 936,900 | 874,872 | 62,028 |
| Public safety | 1,420,300 | 1,363,526 | 56,774 |
| Public works | 143,800 | 113,248 | 30,552 |
| Debt service | | | |
| Principal retirement | 7,700 | 13,008 | (5,308) |
| Interest | - | 911 | (911) |
| Capital outlay | 243,000 | 75,403 | 167,597 |
| Total expenditures | <u>2,751,700</u> | <u>2,440,968</u> | <u>310,732</u> |
| Excess of revenues over expenditures | 22,700 | 185,563 | 162,863 |
| Other financing sources | | | |
| Capital lease issuance | - | 22,851 | 22,851 |
| Net change in fund balance | <u>\$ 22,700</u> | 208,414 | <u>\$ 185,714</u> |
| Fund balance - beginning | | <u>4,736,470</u> | |
| Fund balance - ending | | <u>\$ 4,944,884</u> | |

Village of Inverness, Illinois

**Analysis of Funding Progress - Illinois Municipal Retirement Fund
April 30, 2010**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | AAL (UAAL) (b)-(a) | Funded Ratio (a)/(b) | Covered Payroll (c) | AAL Liability as a Percentage of Annual Covered Payroll ((b-a)/c) |
|--------------------------------|---|---|--------------------------|----------------------------|---------------------------|--|
| 2007 | \$ 545,674 | \$ 789,490 | \$ 243,816 | 69.12 % | \$ 350,233 | 69.62 % |
| 2008 | 560,545 | 933,354 | 372,809 | 60.06 | 318,200 | 117.16 |
| 2009 | 633,035 | 1,021,911 | 388,876 | 61.95 | 340,376 | 114.25 |

Village of Inverness, Illinois

Note to Required Supplementary Information

Note 1. Budgetary Basis of Accounting

The General Fund's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Supplemental Data

Governmental Funds

General Fund

Village of Inverness, Illinois

General Fund

**Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2010**

| | Original and Final Budget | Actual |
|---|---------------------------------|------------|
| General government | | |
| Salaries, full-time staff | \$ 288,100 | \$ 288,205 |
| Salaries, part-time staff | 33,800 | 31,108 |
| Salaries, elected officials | 40,400 | 40,316 |
| Employee benefits and other personnel related | 76,500 | 68,469 |
| Dues | 9,000 | 8,305 |
| Legal services | 100,000 | 110,255 |
| Engineering services | 45,000 | 28,099 |
| Accounting services | 26,400 | 25,211 |
| Office supplies and postage | 33,000 | 23,934 |
| Insurance | 50,000 | 56,056 |
| Printing and publishing | 3,000 | 3 |
| Telephone | 7,000 | 6,686 |
| Automobile and other allowances | 9,600 | 8,540 |
| Bonds and insurance | 40,600 | 36,601 |
| Contract inspection | 17,000 | 12,223 |
| Conferences and training | 5,000 | 1,582 |
| Miscellaneous | 50,000 | 30,044 |
| Property maintenance | 55,000 | 51,722 |
| Payroll taxes | 27,500 | 28,189 |
| Unemployment tax | 1,000 | 324 |
| Contributions | 3,000 | 3,000 |
| Audit | 16,000 | 16,000 |
| Total general government | 936,900 | 874,872 |
| Public safety | | |
| Emergency response | 10,000 | 12,442 |
| Police salaries, full-time | 792,000 | 768,085 |
| Police salaries, part-time | 28,000 | 26,578 |
| Police overtime | 25,000 | - |
| Police health insurance | 135,500 | 143,645 |
| Police training | 7,100 | 3,805 |
| Police dues | 4,000 | 4,690 |
| Police payroll tax | 64,700 | 62,446 |
| Police pension | 80,500 | 79,850 |
| Police unemployment tax | 1,000 | 715 |
| Police supplies/services | 5,500 | 6,079 |
| Police uniforms | 5,000 | 4,707 |
| Police printing | 1,500 | 951 |
| Police office supplies | 6,500 | 1,508 |

(Continued)

Village of Inverness, Illinois

General Fund

**Schedule of Expenditures - Budget and Actual (Continued)
Year Ended April 30, 2010**

| | Original and Final Budget | Actual |
|------------------------------------|---------------------------------|---------------------|
| Public safety (Continued) | | |
| Police contracts | \$ 207,800 | \$ 206,727 |
| Police vehicle maintenance | 34,700 | 33,335 |
| Police telephone | 10,000 | 6,461 |
| Police other supplies and services | 1,500 | 1,502 |
| Total public safety | <u>1,420,300</u> | <u>1,363,526</u> |
| Public works | | |
| Engineering services | 58,800 | 55,262 |
| Forestry | 35,000 | 37,049 |
| Stormwater management | 50,000 | 20,937 |
| Total public works | <u>143,800</u> | <u>113,248</u> |
| Debt service | | |
| Principle retirement | 7,700 | 13,008 |
| Interest | - | 911 |
| Total debt service | <u>7,700</u> | <u>13,919</u> |
| Capital outlay | | |
| General governmental | | |
| Office equipment | 20,000 | 11,632 |
| Multi-purpose vehicle | - | 22,851 |
| Remodeling | 100,000 | - |
| Public Safety | | |
| Police radios | 3,000 | 554 |
| Police office equipment | 3,000 | 3,876 |
| Police other capital | 117,000 | 36,490 |
| | <u>243,000</u> | <u>75,403</u> |
| Total expenditures | <u>\$ 2,751,700</u> | <u>\$ 2,440,968</u> |

Nonmajor Governmental Funds – Special Revenue Funds

Village of Inverness, Illinois

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2010

| | Special Revenue Funds | | | |
|--------------------------------------|-----------------------|-------------------|----------------------|-------------------|
| | Solid Waste | Motor Fuel Tax | Street and Bridge | Totals |
| Assets | | | | |
| Cash and investments | \$ 348,191 | \$ 76,928 | \$ 165,311 | \$ 590,430 |
| Receivables | | | | |
| Property taxes | - | - | 52,398 | 52,398 |
| Intergovernmental | - | 14,640 | - | 14,640 |
| Due from other funds | - | - | 55,324 | 55,324 |
| Total assets | <u>\$ 348,191</u> | <u>\$ 91,568</u> | <u>\$ 273,033</u> | <u>\$ 712,792</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ 5,328 | \$ 5,328 |
| Deferred revenues - property taxes | - | - | 51,138 | 51,138 |
| Due to other funds | - | 55,324 | - | 55,324 |
| Total liabilities | - | 55,324 | 56,466 | 111,790 |
| Fund balances | 348,191 | 36,244 | 216,567 | 601,002 |
| Total liabilities and fund balances | <u>\$ 348,191</u> | <u>\$ 91,568</u> | <u>\$ 273,033</u> | <u>\$ 712,792</u> |

Village of Inverness, Illinois

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2010**

| | Special Revenue Funds | | | Totals |
|---|-----------------------|----------------|-------------------|------------|
| | Solid Waste | Motor Fuel Tax | Street and Bridge | |
| Revenues | | | | |
| Property taxes | \$ - | \$ - | \$ 139,259 | \$ 139,259 |
| Charges for services | 219,879 | - | - | 219,879 |
| Licenses and permits | - | - | 62,105 | 62,105 |
| Intergovernmental | - | 170,325 | - | 170,325 |
| Interest | 434 | 103 | 365 | 902 |
| Miscellaneous | - | 4,554 | - | 4,554 |
| Total revenues | 220,313 | 174,982 | 201,729 | 597,024 |
| Expenditures | | | | |
| Public works | 141,901 | - | 389,083 | 530,984 |
| Excess (deficiency) of revenues over expenditures | 78,412 | 174,982 | (187,354) | 66,040 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 155,324 | 155,324 |
| Transfers out | - | (155,324) | - | (155,324) |
| Total other financing sources (uses) | - | (155,324) | 155,324 | - |
| Net change in fund balances | 78,412 | 19,658 | (32,030) | 66,040 |
| Fund balances - beginning | 269,779 | 16,586 | 248,597 | 534,962 |
| Fund balances - ending | \$ 348,191 | \$ 36,244 | \$ 216,567 | \$ 601,002 |

Village of Inverness, Illinois

Solid Waste Fund

**Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2010**

| | Original and Final Budget | Actual |
|----------------------------|---------------------------------|-------------------|
| Revenues | | |
| Charges for services | | |
| SWANCC fees | \$ 185,000 | \$ 219,879 |
| Interest | 4,000 | 434 |
| Total revenues | <u>189,000</u> | <u>220,313</u> |
| Expenditures | | |
| Public works | | |
| Solid waste | <u>184,100</u> | <u>141,901</u> |
| Net change in fund balance | <u>\$ 4,900</u> | 78,412 |
| Fund balance - beginning | | <u>269,779</u> |
| Fund balance - ending | | <u>\$ 348,191</u> |

Village of Inverness, Illinois

Motor Fuel Tax Fund

**Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2010**

| | Original and Final Budget | Actual |
|--------------------------------------|---------------------------------|------------------|
| Revenues | | |
| Intergovernmental | \$ 178,900 | \$ 170,325 |
| Interest | 500 | 103 |
| Miscellaneous | - | 4,554 |
| Total revenues | <u>179,400</u> | <u>174,982</u> |
| Expenditures | <u>-</u> | <u>-</u> |
| Excess of revenues over expenditures | 179,400 | 174,982 |
| Other financing uses | | |
| Transfers out | <u>(179,400)</u> | <u>(155,324)</u> |
| Net change in fund balance | <u>\$ -</u> | 19,658 |
| Fund balance - beginning | | <u>16,586</u> |
| Fund balance - ending | | <u>\$ 36,244</u> |

Village of Inverness, Illinois

Street and Bridge Fund

**Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2010**

| | Original and Final Budget | Actual |
|---|---------------------------------|-------------------|
| Revenues | | |
| Taxes | | |
| Property taxes | \$ 110,000 | \$ 139,259 |
| Licenses and permits | 54,000 | 62,105 |
| Interest | 4,000 | 365 |
| Total revenues | <u>168,000</u> | <u>201,729</u> |
| Expenditures | | |
| Public works | | |
| Street maintenance | <u>375,000</u> | <u>389,083</u> |
| Deficiency of revenues over expenditures | (207,000) | (187,354) |
| Other financing sources | | |
| Transfers in | <u>179,400</u> | <u>155,324</u> |
| Net change in fund balance | <u>\$ (27,600)</u> | (32,030) |
| Fund balance - beginning | | <u>248,597</u> |
| Fund balance - ending | | <u>\$ 216,567</u> |

Major Debt Service Fund

Village of Inverness, Illinois

2008 Bond Fund

Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2010

| | Original and Final Budget | Actual |
|----------------------------|---------------------------------|-------------------|
| Revenues | | |
| Taxes | | |
| Property taxes | \$ 804,100 | \$ 1,222,938 |
| Interest | - | 79 |
| Total revenues | <u>804,100</u> | <u>1,223,017</u> |
| Expenditures | | |
| General government | | 350 |
| Debt service | | |
| Principal | 465,000 | 465,000 |
| Interest | 339,100 | 339,051 |
| Total expenditures | <u>804,100</u> | <u>804,401</u> |
| Net change in fund balance | <u>\$ -</u> | 418,616 |
| Fund balance - beginning | | <u>-</u> |
| Fund balance - ending | | <u>\$ 418,616</u> |

Major Capital Projects Fund

Village of Inverness, Illinois

2008 Project Fund

Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2010

| | Original and Final Budget | Actual |
|----------------------------|---------------------------------|---------------------|
| Revenues | | |
| Interest | \$ 35,000 | \$ 9,790 |
| Expenditures | | |
| Public works | | |
| Street maintenance | 315,000 | 301,868 |
| Capital outlay | 4,400,000 | 4,326,311 |
| Total expenditures | <u>4,715,000</u> | <u>4,628,179</u> |
| Net change in fund balance | <u>\$ (4,680,000)</u> | (4,618,389) |
| Fund balance - beginning | | <u>9,267,501</u> |
| Fund balance - ending | | <u>\$ 4,649,112</u> |

Statistical Section (Unaudited)

Village of Inverness, Illinois

**Property Tax Assessed Valuations, Rates,
Extensions and Collections (Unaudited)
April 30, 2010**

| Year | 2009** | 2008 | 2007 | 2006 | 2005 |
|--|------------------|------------------|------------------|------------------|----------------|
| Assessed valuation | \$ 592,409,976 | \$ 592,409,976 | \$ 546,467,233 | \$ 442,824,791 | \$ 426,107,824 |
| Tax rate per \$100 of assessed valuation | | | | | |
| Corporate | 0.268 | 0.268 | 0.276 | 0.256 | 0.133 |
| Bonds | 0.143 | 0.143 | - | - | - |
| | <u>0.411</u> | <u>0.411</u> | <u>0.276</u> | <u>0.256</u> | <u>0.133</u> |
| Extensions | | | | | |
| Corporate | 1,541,000 | 1,587,910 | 1,507,796 | 1,133,604 | 566,723 |
| Bonds | 808,820 | 844,254 | - | - | - |
| | <u>2,349,820</u> | <u>2,432,164</u> | <u>1,507,796</u> | <u>1,133,604</u> | <u>566,723</u> |
| Collections* | | | | | |
| Corporate | 751,150 | 1,532,069 | 1,494,464 | 1,109,881 | 565,991 |
| Bonds | 399,332 | 814,565 | - | - | - |
| | <u>1,150,482</u> | <u>2,346,634</u> | <u>1,494,464</u> | <u>1,109,881</u> | <u>565,991</u> |
| Year | 2004 | 2003 | 2002 | 2001 | 2000 |
| Assessed valuation | \$ 384,577,473 | \$ 323,034,513 | \$ 319,072,912 | \$ 294,050,798 | \$ 247,317,768 |
| Tax rate per \$100 of assessed valuation | | | | | |
| Corporate | 0.147 | 0.175 | 0.178 | 0.193 | 0.233 |
| Bonds | - | - | - | - | - |
| | <u>0.147</u> | <u>0.175</u> | <u>0.178</u> | <u>0.193</u> | <u>0.233</u> |
| Extensions | | | | | |
| Corporate | 565,329 | 565,310 | 567,950 | 567,518 | 566,715 |
| Bonds | - | - | - | - | - |
| | <u>565,329</u> | <u>565,310</u> | <u>567,950</u> | <u>567,518</u> | <u>566,715</u> |
| Collections* | | | | | |
| Corporate | 563,708 | 563,156 | 563,567 | 573,222 | 577,648 |
| Bonds | - | - | - | - | - |
| | <u>563,708</u> | <u>563,156</u> | <u>563,567</u> | <u>573,222</u> | <u>577,648</u> |

* May be more than 100% of extensions due to collections of prior year's taxes not segregated.

** Assessed Value and tax rates are estimates based on the prior year. Actual information

Village of Inverness, Illinois

Schedule of Legal Debt Margin

April 30, 2010

The Village is a home-rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent:....indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum....shall not be included in the foregoing percentage amounts."

To date, the General Assembly has set no limits for home-rule municipalities.