

Village of Inverness, Illinois

Annual Financial Report
April 30, 2012

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 - 2
Management's Discussion and Analysis	3 - 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- 31
Required Supplementary Information (Unaudited)	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	32
Analysis of Funding Progress – Illinois Municipal Retirement Fund	33
Note to Required Supplementary Information	34
Other Supplementary Information	
Governmental Funds	
General Fund	
Combining Balance Sheet – by Account	35
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – by Account	36 - 37
Schedule of Expenditures - Budget and Actual	38 - 39
Nonmajor Governmental Fund – Special Revenue Fund	
Balance Sheet – Motor Fuel Tax Fund	40
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Motor Fuel Tax Fund	41

Village of Inverness, Illinois

Table of Contents

	<u>Page(s)</u>
Other Supplementary Information (Continued)	
Governmental Funds (Continued)	
Major Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – 2008 Bond Fund	42
Major Capital Projects Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – 2008 Project Fund	43
Property Tax Assessed Valuations, Rates, Extensions and Collections (Unaudited)	44
Schedule of Legal Debt Margin	45

Village of Inverness, Illinois

**Principal Officials
April 30, 2012**

President

John A. Tatooles

Trustees

Janice M. Stremel

Timothy W. Tiedje

John R. Willis

Richard C. Gallagher

Russell P. Fitton

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, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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, 2012, 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.

As discussed in Note 1, as of May 1, 2011, the Village adopted the reporting and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this new standard resulted in a restatement as described in Note 14.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-10), budgetary schedules (page 32 and 34) and schedules of funding progress (page 33) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents as other supplementary information (pages 35-45) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents as other supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying 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 do not express an opinion or provide any assurance on it.

McGladrey LLP

Schaumburg, Illinois
September 25, 2012

Management's Discussion and Analysis

Village of Inverness, Illinois

Management's Discussion and Analysis For the Fiscal Year Ended April 30, 2012

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 \$1,187,695 or 18% as a result of this year's operations. The Village does not conduct any business-type activities.

Revenues

The governmental activities revenues totaled \$4,420,888.

Cost of Village Programs

The governmental activities expenditures totaled \$5,608,583.

General Fund

The General Fund reported revenues of \$3,234,466 and expenditures of \$2,957,500, resulting in an operating surplus of \$276,966 before transfer of \$160,000.

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.

Village of Inverness, Illinois

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended April 30, 2012

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 \$5,370,790 as of April 30, 2012. This is a decrease of \$1,187,695 or 18% over the prior year.

Statement of Net Assets

As of April 30, 2012 and 2011

	Governmental Activities		
	2012	2011	Change
Current and other assets	\$ 9,244,821	\$ 10,764,745	\$ (1,519,924)
Capital assets	4,907,337	4,931,430	(24,093)
Total assets	14,152,158	15,696,175	(1,544,017)
Current liabilities	1,237,477	1,071,913	165,564
Noncurrent liabilities	7,570,891	8,092,777	(521,886)
Total liabilities	8,808,368	9,164,690	(356,322)
Net Assets:			
Invested in capital assets, net of debt	4,901,442	4,920,031	(18,589)
Restricted	1,383,565	2,879,594	(1,496,029)
Unrestricted	(941,217)	(1,268,140)	326,923
Total net assets	\$ 5,343,790	\$ 6,531,485	\$ (1,187,695)

Village of Inverness, Illinois

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended April 30, 2012

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 \$1,187,695 or 18%.

Village of Inverness, Illinois

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended April 30, 2012

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

**Statement of Activities
Years Ended April 30, 2012 and 2011**

	Governmental Activities		
	2012	2011	Change
Revenues			
Program Revenues			
Charges for service	\$ 507,836	\$ 397,210	\$ 110,626
Grants and contributions			
Operating	219,618	205,546	14,072
General Revenue			
Property taxes	2,702,406	2,469,792	232,614
Other taxes	793,810	682,804	111,006
Annexation fees	10,500	4,500	6,000
Franchise fees	166,168	130,623	35,545
Investment income	10,133	24,275	(14,142)
Miscellaneous	10,417	27,945	(17,528)
Total Revenue	4,420,888	3,942,695	478,193
Expenses			
General Government	958,619	910,747	47,872
Public Safety	1,505,922	1,477,997	27,925
Public Works	2,815,825	2,456,963	358,862
Interest	328,217	344,674	(16,457)
Total Expenses	5,608,583	5,190,381	418,202
Change in Net Assets	(1,187,695)	(1,247,686)	59,991
Net assets - beginning	6,531,485	7,779,171	(1,247,686)
Net assets - ending	\$ 5,343,790	\$ 6,531,485	\$ (1,187,695)

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.).

Village of Inverness, Illinois

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended April 30, 2012

- 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:

- 1) 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.
- 2) Increase in Authorized Personnel – changes in service demand may cause the Village Board to increase/decrease staffing. Staffing costs represent approximately 29% of all governmental activities.
- 3) 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.
- 4) 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, 2012, revenues from all governmental activities totaled \$4,420,888. This is a 12% increase or \$478,193 over the prior year. The Village experienced increases in property tax revenues and other taxes, such as the state shared income tax. In addition certain charges for services, such as building permit fees, also accounted for a portion of the increase. This experience may offer some basis for fiscal optimism even though the Village continues to be subject to the flat and/or negative economic conditions facing the state.

Expenses

Total expenses for all governmental activities for the year ended April 30, 2012 were \$5,608,583. This was an increase of \$418,202 or 8.1% from the previous year. This increase is simply the result of a budgeted expansion in the scope and cost of the annual road program compared to the prior year. This program is funded by proceeds from the 2008 GO Bond issue. Total project expenses related to this program increased from approximately \$1.8 million in 2011 to \$2.3 million in 2012. As a result of cost containment efforts, other operating expenses remained relatively flat at year-end.

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.

Village of Inverness, Illinois

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended April 30, 2012

At year end, governmental funds reported a combined fund balance of \$7,289,873. This is a 19.6% decrease from the prior year's ending combined fund balance of \$9,064,532. This decrease was directly related to the "spending down" of fund balance in the Project Fund for the road rehabilitation program referred to above. The Project Fund began the year with over \$2.8 million, which reflected the remaining balance of the 2008 GO Bond proceeds. During the year, the Village spent approximately \$2.3 million on road program related activities. The "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 resulting in a net decrease in fund balance across all Governmental Funds of \$1,774,659.

Total revenues for Governmental Funds for fiscal year 2012 were \$4,304,631. This was an increase of \$292,253 over the prior year's revenues. General Fund revenues were \$3,234,466, which was \$268,132 higher than the prior year after factoring in the application of GASB 54 as described in Note 14 of this financial report. As mentioned above, this increase may reflect the beginning of a reversal of economic trends affecting the Village, especially when one considers the increase in development related revenues such as building permit fees or charges for services. However, one year is not long enough to make any reasonable assessment of such a projection.

Total expenditures for Governmental Funds for the year ended April 30, 2012, were \$6,079,290, which was an increase of \$517,830 over the previous year. As was discussed above, this increase reflects an expansion in the scope and costs associated with the Village's road rehabilitation program. When you eliminate this component, expenditures across all other Governmental Funds during fiscal year 2012 were \$9,365 less than in fiscal year 2011. General Fund expenses were \$2,957,500 compared to fiscal year 2011 expenses of \$2,911,966. In addition, actual General Fund expenses were \$307,600 less than the approved budget. This positive result at year end reflects conservative financial planning along with successful targeted cost containment practices. Significant program costs, aside from the road rehabilitation project, that were undertaken this year include: \$1,554,650 for police operations, \$156,056 for residential solid waste disposal and \$278,910 for snow removal and general road maintenance activities.

**General Fund Budgetary Highlights
Year Ended April 30, 2012**

General Fund	Original and Final Budget	Actual	Over/ Under
Revenues			
Property taxes	\$ 1,666,000	\$ 1,731,724	\$ 65,724
Other taxes	645,600	793,114	147,514
Grants	5,500	5,457	(43)
Charges for services	185,000	257,914	72,914
Licenses and permits	165,000	230,259	65,259
Fines and forfeitures	25,000	19,663	(5,337)
Annexation fees	6,000	10,500	4,500
Franchise fees	121,000	166,168	45,168
Interest	18,500	9,250	(9,250)
Miscellaneous	5,000	10,417	5,417
Total	2,842,600	3,234,466	391,866
Expenditures	3,265,100	2,957,500	307,600
Change in Fund Balance	\$ (422,500)	\$ 276,966	\$ 699,466

Village of Inverness, Illinois

Management's Discussion and Analysis (Continued) For the Fiscal Year Ended April 30, 2012

General Fund Budgetary Highlights

As of April 30, 2012, actual revenues were \$391,866 more than budget projections. As noted above, actual expenditures were \$307,600 less than the approved budget. To some extent this performance outcome for the General Fund is skewed due to the implementation of GASB 54. However, the improvement in overall financial position of the General Fund would have been observed with or without the consolidation of funds under GASB 54. The reasons have been discussed earlier. The General Fund experienced an increase in fund balance of \$276,966, excluding transfers in of \$160,000, which compared favorably to a budgeted deficit of \$422,500, excluding the same transfer in.

The Village did not revise the total annual operating budget or Appropriation Ordinance during the year. A schedule showing actual expenses compared to budget is presented as supplemental data later in this financial report.

Capital Assets

At the end of fiscal year 2012, the Village had a combined total of capital assets (net of accumulated depreciation) of \$4,907,337 comprised of land, buildings, improvements other than buildings, vehicles and equipment. This amount represents a net decrease (including additions and deletions) of \$24,093 over FY 2011. The Village added two police patrol vehicles representing an addition of \$44,076 in capital assets. A total of \$68,169 was attributed to the depreciation of capital assets held in the prior year. No capital assets were disposed of during the year.

Capital Assets at Year-End Net of Depreciation April 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Land	\$ 3,597,208	\$ 3,597,208
Buildings	1,034,827	1,065,241
Improvements other than building	203,310	213,731
Vehicles and equipment	71,992	55,250
Total	\$ 4,907,337	\$ 4,931,430

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, which was subsequently reaffirmed in January 2012. 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 this financial report. Property taxes have been pledged to pay principal and interest on these bonds. The Village also has one other long-term obligation representing a vehicle lease.

Village of Inverness, Illinois

Management's Discussion and Analysis (Continued)

For the Fiscal Year Ended April 30, 2012

Economic Factors and a Look to the Future

The Village relied on GO bond proceeds to fund a multi-year street and drainage program. As has been discussed in prior years' reports, not all streets will be resurfaced as part of this program. As proceeds are depleted, which is projected to occur in fiscal year 2013, the Village will need to assess maintenance requirements and funding source options. The Village's Home Rule powers will provide it with the flexibility to address this issue.

Police Department expenses continue to track below budgetary levels. The empirical evidence lends support for the economic soundness of the decision to create the Department in the first place. As has been noted in the past, the staffing and service models used by the Village have promoted efficiencies, while enhancing the capacity to serve the public safety needs of Village residents.

The Village has not been immune to the larger economic issues facing the region. While this year ended on a positive note, operational and/or structural changes may be needed to address fiscal issues in the future. The potential impact of the state's financial condition on local governments creates continued uncertainty in terms of reliance on state shared revenues, such as income taxes. Should action be taken by the General Assembly that is contrary to municipal interests, existing reserves are sufficient to cover potential operational deficits for the near term. Beyond that however, new revenue sources or program cuts may need to be evaluated.

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 the Village Administrator, Village of Inverness, 1400 Baldwin Road, Inverness, Illinois 60067.

Basic Financial Statements

Village of Inverness, Illinois

Statement of Net Assets

April 30, 2012

	Governmental Activities
Assets	
Current	
Cash and investments	\$ 7,476,793
Receivables	
Property taxes	1,280,548
Intergovernmental	365,523
Accrued interest	166
Total current assets	<u>9,123,030</u>
Noncurrent	
Bond issuance costs, net of accumulated amortization of \$44,288	121,791
Capital assets (net of accumulated depreciation)	
Land	3,597,208
Buildings	1,034,827
Improvements other than buildings	203,310
Vehicles and equipment	71,992
Total noncurrent assets	<u>5,029,128</u>
Total assets	<u>14,152,158</u>
Liabilities	
Current	
Accounts payable	344,340
Compensated absences	30,516
Deposits payable	212,551
Interest payable	129,175
Capital lease payable	5,895
Bonds payable	515,000
Total current liabilities	<u>1,237,477</u>
Noncurrent	
Bonds payable, net of unamortized premium of \$10,891	<u>7,570,891</u>
Total noncurrent liabilities	<u>7,570,891</u>
Total liabilities	<u>8,808,368</u>
Net Assets	
Invested in capital assets, net of related debt	4,901,442
Restricted for streets and bridges	627,741
Restricted for debt service	755,824
Unrestricted	<u>(941,217)</u>
Total net assets	<u>\$ 5,343,790</u>

See Notes to Financial Statements.

Village of Inverness, Illinois

Statement of Activities
Year Ended April 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense), Revenue, and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
General government	\$ 958,619	\$ 230,259	\$ 5,457	\$ (722,903)
Public safety	1,505,922	19,663	-	(1,486,259)
Public works	2,815,825	257,914	214,161	(2,343,750)
Interest	328,217	-	-	(328,217)
Total	<u>\$ 5,608,583</u>	<u>\$ 507,836</u>	<u>\$ 219,618</u>	<u>(4,881,129)</u>

General revenues

Taxes

Property	2,702,406
Personal property replacement	4,986
Sales	53,950
Income and use	734,874
Annexation fees	10,500
Franchise fees	166,168
Investment income	10,133
Miscellaneous	10,417
Total general revenues	<u>3,693,434</u>

Change in net assets (1,187,695)

Net assets - beginning 6,531,485

Net assets - ending \$ 5,343,790

See Notes to Financial Statements.

Village of Inverness, Illinois

Balance Sheet - Governmental Funds

April 30, 2012

	General Fund	2008 Bond Fund	2008 Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 6,218,465	\$ 484,951	\$ 507,840	\$ 265,537	\$ 7,476,793
Receivables					
Property taxes	880,500	400,048	-	-	1,280,548
Intergovernmental	351,159	-	-	14,364	365,523
Accrued interest	166	-	-	-	166
Due from other funds	160,000	-	-	-	160,000
Total assets	\$ 7,610,290	\$ 884,999	\$ 507,840	\$ 279,901	\$ 9,283,030
Liabilities					
Accounts payable	\$ 344,340	\$ -	\$ -	\$ -	\$ 344,340
Deferred revenues - property tax	869,405	394,643	-	-	1,264,048
Deferred revenues - other tax	12,218	-	-	-	12,218
Due to other funds	-	-	-	160,000	160,000
Deposits payable	212,551	-	-	-	212,551
Total liabilities	1,438,514	394,643	-	160,000	1,993,157
Fund Balances					
Restricted - street and bridge improvements	-	-	507,840	119,901	627,741
Restricted - debt service	-	490,356	-	-	490,356
Assigned					
Solid waste program	511,721	-	-	-	511,721
Street and bridge improvements	308,582	-	-	-	308,582
Unassigned	5,351,473	-	-	-	5,351,473
Total fund balances	6,171,776	490,356	507,840	119,901	7,289,873
Total liabilities and fund balances	\$ 7,610,290	\$ 884,999	\$ 507,840	\$ 279,901	\$ 9,283,030

See Notes to Financial Statements.

Village of Inverness, Illinois

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
April 30, 2012**

Total fund balances-governmental funds	\$ 7,289,873
--	--------------

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.	4,907,337
--	-----------

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.	1,276,266
---	-----------

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	(129,175)
Compensated absences	(30,516)
Capital lease payable	(5,895)
Unamortized bond issuance costs	121,791
Unamortized bond premium	(10,891)
Bonds payable	<u>(8,075,000)</u>

Net assets of governmental activities	<u><u>\$ 5,343,790</u></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, 2012

	General Fund	2008 Bond Fund	2008 Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property taxes	\$ 1,731,724	\$ 855,121	\$ -	\$ -	\$ 2,586,845
Sales taxes	53,254	-	-	-	53,254
Income and use taxes	734,874	-	-	-	734,874
Replacement taxes	4,986	-	-	-	4,986
Grants	5,457	-	-	-	5,457
Charges for services	257,914	-	-	-	257,914
Licenses and permits	230,259	-	-	-	230,259
Fines and forfeitures	19,663	-	-	-	19,663
Intergovernmental	-	-	-	214,161	214,161
Annexation fees	10,500	-	-	-	10,500
Franchise fees	166,168	-	-	-	166,168
Interest	9,250	177	587	119	10,133
Miscellaneous	10,417	-	-	-	10,417
Total revenues	3,234,466	855,298	587	214,280	4,304,631
Expenditures					
Current					
General government	857,878	-	-	-	857,878
Public safety	1,474,814	-	-	-	1,474,814
Public works	509,105	-	129,013	-	638,118
Debt service					
Principal retirement	5,504	490,000	-	-	495,504
Interest expense	809	325,070	-	-	325,879
Capital outlay	109,390	-	2,177,707	-	2,287,097
Total expenditures	2,957,500	815,070	2,306,720	-	6,079,290
Excess (deficiency) of revenues over expenditures	276,966	40,228	(2,306,133)	214,280	(1,774,659)
Other financing sources (uses)					
Transfers in	160,000	-	-	-	160,000
Transfers out	-	-	-	(160,000)	(160,000)
Total other financing sources (uses)	160,000	-	-	(160,000)	-
Net change in fund balances	436,966	40,228	(2,306,133)	54,280	(1,774,659)
Fund balances - beginning, as restated	5,734,810	450,128	2,813,973	65,621	9,064,532
Fund balances - ending	\$ 6,171,776	\$ 490,356	\$ 507,840	\$ 119,901	\$ 7,289,873

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, 2012**

Net change in fund balances-total governmental funds	\$ (1,774,659)
--	----------------

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 (\$68,169) exceeded capital outlay (\$44,076) in the current period. (24,093)

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.

Principal retirement - capital lease	5,504
Principal retirement - bonds	490,000

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	116,257
-----------------------------	---------

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:

Decrease in accrued interest	6,125
Decrease in compensated absences payable	3,252
Amortization of bond premium and issuance costs	(10,081)

Change in net assets of governmental activities	<u>\$ (1,187,695)</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 generally 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.

Fund Balances

Effective May 1, 2011, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. In addition, GASB 54 modified certain fund type definitions and provided guidance for classification of stabilization amounts on the face of the balance sheet. Pursuant to this guidance, the Village was required to report fund balances previously reported in the Solid Waste Fund and the Street and Bridge Fund (Non-major special revenue funds), as part of the General fund. As a result, the Village restated its beginning fund balance by increasing the General fund by \$632,792 in order to properly reflect the reclassification of funds previously reported as special revenue.

Within the governmental fund types, the Village's fund balances are reported in one of the following classifications:

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Village of Inverness, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Assigned – includes amounts that are constrained by the Village's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the Village's Board itself; b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes. The Village's Board has not delegated authority to any other body or official to assign amounts for a specific purpose within the General Fund. However, certain assignments are approved by the Board within the Financial Plan. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved Financial Plan and appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as unassigned.

Unassigned – includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances (if any) of other governmental funds.

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, 2012, expenditures in the 2008 Bond Fund exceeded the final budget amounts by \$270. 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, 2012, the Village had the following investments and maturities.

Investment Type	Fair Value	Maturities Less Than One Year
Illinois Metropolitan Investment Trust	\$ 579,382	\$ 579,382
Illinois Funds	5,246,495	5,246,495
Total	<u>\$ 5,825,877</u>	<u>\$ 5,825,877</u>

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, 2012, the Illinois Metropolitan Investment Fund (IMET) and the Illinois Funds Investment Pool (IFIP) were both rated AAA by Standard and Poor's.

Note 4. Receivables - Taxes

Property taxes for 2011 attach as an enforceable lien on January 1, 2011 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, 2012 and July 1, 2012, and are payable in two installments, on or about March 1, 2012 and August 1, 2012. 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	204,153	44,076	41,197	207,032
	<u>2,229,297</u>	<u>44,076</u>	<u>41,197</u>	<u>2,232,176</u>
Less accumulated depreciation for:				
Buildings	455,473	30,414	-	485,887
Improvements other than buildings	290,699	10,421	-	301,120
Vehicles and equipment	148,903	27,334	41,197	135,040
	<u>895,075</u>	<u>68,169</u>	<u>41,197</u>	<u>922,047</u>
Total capital assets being depreciated, net	<u>1,334,222</u>	<u>(24,093)</u>	<u>-</u>	<u>1,310,129</u>
Governmental activities capital assets, net	<u>\$ 4,931,430</u>	<u>\$ (24,093)</u>	<u>\$ -</u>	<u>\$ 4,907,337</u>

Total depreciation of \$68,169 was allocated as follows:

General government	\$ 48,449
Public safety	<u>19,720</u>
	<u>\$ 68,169</u>

Village of Inverness, Illinois

Notes to Financial Statements

Note 6. Interfund Activity

Individual interfund transfers for the Village at April 30, 2012, are shown as follows:

Fund	Detail	Transfers From Other Funds
Street and Bridge	Street repairs	<u>\$ 160,000</u>

Fund	Detail	Transfers To Other Funds
Motor Fuel Tax	Street repairs	<u>\$ 160,000</u>

Individual interfund balances for the Village at April 30, 2012, are shown as follows:

Fund	Detail	Due From Other Funds
General	Nonmajor Fund	<u>\$ 160,000</u>

Fund	Detail	Due To Other Funds
Nonmajor Fund	General	<u>\$ 160,000</u>

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 from a fully funded loss amount of \$10,500,000. 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, 2012:

	Balance May 1, 2011	Additions	Retirements	Balance April 30, 2012	Due Within One Year
Capital Lease Payable	\$ 11,399	\$ -	\$ 5,504	\$ 5,895	\$ 5,895
General Obligation Bonds Payable*	8,565,000	-	490,000	8,075,000	515,000
Compensated Absences Payable	33,768	30,516	33,768	30,516	30,516
	<u>\$ 8,610,167</u>	<u>\$ 30,516</u>	<u>\$ 529,272</u>	<u>\$ 8,111,411</u>	<u>\$ 551,411</u>

* Amount reported in the statement of net assets for governmental activities includes an unamortized premium of \$10,891.

The following is a summary of debt transactions of the Village for the year ended April 30, 2012:

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 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 \$0 (cost of \$20,815 less \$20,815 in accumulated depreciation).

As of April 30, 2012, 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
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	590,000	259,185	849,185	-	-	-
2017	620,000	238,535	858,535	-	-	-
2018-2022	3,565,000	812,270	4,377,270	-	-	-
2023-2024	1,680,000	110,080	1,790,080	-	-	-
Total	<u>\$ 8,075,000</u>	<u>\$ 2,302,490</u>	<u>\$ 10,377,490</u>	<u>\$ 5,895</u>	<u>\$ 419</u>	<u>\$ 6,314</u>

Village of Inverness, Illinois

Notes to Financial Statements

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 approximately \$155,000 to NWCDS for year ended April 30, 2012.

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 \$156,056 to SWANCC for the fiscal year.

Village of Inverness, Illinois

Notes to Financial Statements

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 2011 was 14.11 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.

Annual Pension Cost

The Village's annual pension cost of \$53,323 for the regular plan was equal to the Village's required and actual contributions. The information presented in this section is based on a calendar year. Information presented on the Village's fiscal year is not materially different.

Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/09	\$ 45,474	100 %	\$ -
12/31/10	52,916	100	-
12/31/11	53,323	100	-

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis.

Village of Inverness, Illinois

Notes to Financial Statements

Note 11. Employee Retirement Systems (Continued)

Illinois Municipal Retirement (Continued)

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 66.95 percent funded. The actuarial accrued liability for benefits was \$1,218,684 and the actuarial value of assets was \$815,944, resulting in an underfunded actuarial accrued liability (UAAL) of \$402,740. The covered payroll (annual payroll of active employees covered by the plan) was \$337,912 and the ratio of the UAAL to the covered payroll was 107 percent.

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.

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 written 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, 2012, thirteen 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, 2012 were \$87,996.

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.

Village of Inverness, Illinois

Notes to Financial Statements

Note 13. New Governmental Accounting Standards

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

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, will be effective for the Village beginning with its year ending April 30, 2014. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, will be effective for the Village beginning with its year ending April 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* amends the net asset reporting requirements in GASB 34, by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This will be effective for the Village for the year ending April 30, 2013.

GASB Statement No. 65, *Items Previously Recorded as Assets and Liabilities* reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), items that were previously reported as assets or liabilities. This will be effective for the Village for the year ending April 30, 2014.

GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, resolves conflicting guidance that resulted from the issuance of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement removes the provisions that limits fund based reporting of risk financing activities. This Statement also modifies specific guidance on accounting for certain operating leases and certain loans. This will be effective for the Village for the year ending April 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, will be effective for the Village beginning with its year ended April 30, 2015. This statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This statement enhances note disclosures and RSI for both defined benefit and defined contribution pension plans and requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules.

Village of Inverness, Illinois

Notes to Financial Statements

Note 13. New Governmental Accounting Standards (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will be effective for the Village beginning with its year ended April 30, 2016. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

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

Note 14. Restatement for Implementation of New Accounting Standard

As shown in the following table, the financial statements of the Village have been restated for the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Solid Waste Fund and the Street and Bridge Fund were presented as nonmajor special revenue funds in previous years but were reclassified to the General Fund based upon criteria of GASB Statement No. 54.

	General Fund	Nonmajor Governmental Funds
Fund balance, April 30, 2011, as previously reported	\$ 5,102,018	\$ 698,413
Implementation of GASB 54	632,792	(632,792)
Fund balance, April 30, 2011, as reclassified	<u>\$ 5,734,810</u>	<u>\$ 65,621</u>

Note 15. Related Party Transactions

The Village has entered into an agreement for legal services with Levin Ginsburg related to specific litigation. The law firm employs a member of the Mayor's family. As of April 30, 2012, the Village had remitted \$38,000 to the law firm for legal services.

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, 2012

	Original and Final Budget	Actual	Variance With Final Budget
General government			
Taxes			
Property taxes	\$ 1,666,000	\$ 1,731,724	\$ 65,724
Sales taxes	55,000	53,254	(1,746)
Income and use taxes	585,800	734,874	149,074
Replacement taxes	4,800	4,986	186
Grants	5,500	5,457	(43)
Charges for services	185,000	257,914	72,914
Licenses and permits	165,000	230,259	65,259
Fines and forfeitures	25,000	19,663	(5,337)
Annexation fees	6,000	10,500	4,500
Franchise fees	121,000	166,168	45,168
Interest	18,500	9,250	(9,250)
Miscellaneous	5,000	10,417	5,417
Total revenues	<u>2,842,600</u>	<u>3,234,466</u>	<u>391,866</u>
Expenditures			
Current			
General government	917,100	857,878	59,222
Public safety	1,508,000	1,474,814	33,186
Public works	691,200	509,105	182,095
Debt service			
Principal retirement	-	5,504	(5,504)
Interest	-	809	(809)
Capital outlay	148,800	109,390	39,410
Total expenditures	<u>3,265,100</u>	<u>2,957,500</u>	<u>307,600</u>
Excess (deficiency) of revenues over expenditures	(422,500)	276,966	699,466
Other financing sources			
Transfers in	160,000	160,000	-
Net change in fund balance	<u>\$ (262,500)</u>	436,966	<u>\$ 699,466</u>
Fund balance - beginning		<u>5,734,810</u>	
Fund balance - ending		<u>\$ 6,171,776</u>	

Village of Inverness, Illinois

Analysis of Funding Progress - Illinois Municipal Retirement Fund
 April 30, 2011

Actuarial Valuation Date December 31,	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)
2009	\$ 633,035	\$ 1,021,911	\$ 388,876	61.95 %	\$ 340,376	114.25 %
2010	713,240	1,111,275	398,035	64.18	366,709	108.54
2011	815,944	1,218,684	402,740	66.95	337,912	106.57

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

Combining Balance Sheet - by Account

April 30, 2012

	General	Solid Waste	Street and Bridge	Total
Assets				
Cash and investments	\$ 5,396,567	\$ 522,635	\$ 299,263	\$ 6,218,465
Receivables				
Property taxes	830,297	-	50,203	880,500
Due from other funds	-	-	160,000	160,000
Interest receivable	166	-	-	166
Intergovernmental	351,159	-	-	351,159
Total assets	<u>\$ 6,578,189</u>	<u>\$ 522,635</u>	<u>\$ 509,466</u>	<u>\$ 7,610,290</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 181,678	\$ 10,914	\$ 151,748	\$ 344,340
Deferred revenues - property taxes	820,269	-	49,136	869,405
Deferred revenues - other tax	12,218	-	-	12,218
Deposits payable	212,551	-	-	212,551
Total liabilities	<u>1,226,716</u>	<u>10,914</u>	<u>200,884</u>	<u>1,438,514</u>
Fund balances				
Assigned				-
Solid waste program	-	511,721	-	511,721
Street and bridge improvements	-	-	308,582	308,582
Unassigned	5,351,473	-	-	5,351,473
Total fund balances	<u>5,351,473</u>	<u>511,721</u>	<u>308,582</u>	<u>6,171,776</u>
Total liabilities and fund balances	<u>\$ 6,578,189</u>	<u>\$ 522,635</u>	<u>\$ 509,466</u>	<u>\$ 7,610,290</u>

Village of Inverness, Illinois

General Fund

Combining Schedule of Revenues, Expenditures

and Changes in Fund Balances - Budget and Actual - by Account

Year Ended April 30, 2012

	General		Solid Waste	
	Budget	Actual	Budget	Actual
Revenues				
Taxes				
Property taxes	\$ 1,541,000	\$ 1,587,037	\$ -	\$ -
Sales taxes	55,000	53,254	-	-
Income and use taxes	585,800	734,874	-	-
Replacement taxes	4,800	4,986	-	-
Grants	5,500	5,457	-	-
Charges for services	-	-	185,000	257,914
Licenses and permits	105,000	170,868	-	-
Fine and forfeitures	25,000	19,663	-	-
Annexation fees	6,000	10,500	-	-
Franchise fees	121,000	166,168	-	-
Interest	18,000	8,765	400	299
Miscellaneous	5,000	10,417	-	-
Total revenues	<u>2,472,100</u>	<u>2,771,989</u>	<u>185,400</u>	<u>258,213</u>
Expenditures				
Current				
General government	917,100	857,878	-	-
Public safety	1,508,000	1,474,814	-	-
Public works	135,000	74,139	167,800	156,056
Debt service				
Principal retirement	-	5,504	-	-
Interest	-	809	-	-
Capital outlay	148,800	109,390	-	-
Total expenditures	<u>2,708,900</u>	<u>2,522,534</u>	<u>167,800</u>	<u>156,056</u>
Excess (deficiency) of revenues over expenditures	(236,800)	249,455	17,600	102,157
Other financing sources				
Transfers in	-	-	-	-
Net change in fund balances	<u>\$ (236,800)</u>	249,455	<u>\$ 17,600</u>	102,157
Fund balances - beginning		<u>5,102,018</u>		<u>409,564</u>
Fund balances - ending		<u>\$ 5,351,473</u>		<u>\$ 511,721</u>

Street and Bridge		Totals	
Budget	Actual	Budget	Actual
\$ 125,000	\$ 144,687	\$ 1,666,000	\$ 1,731,724
-	-	55,000	53,254
-	-	585,800	734,874
-	-	4,800	4,986
-	-	5,500	5,457
-	-	185,000	257,914
60,000	59,391	165,000	230,259
-	-	25,000	19,663
-	-	6,000	10,500
-	-	121,000	166,168
100	186	18,500	9,250
-	-	5,000	10,417
<u>185,100</u>	<u>204,264</u>	<u>2,842,600</u>	<u>3,234,466</u>
-	-	917,100	857,878
-	-	1,508,000	1,474,814
388,400	278,910	691,200	509,105
-	-	-	5,504
-	-	-	809
-	-	148,800	109,390
<u>388,400</u>	<u>278,910</u>	<u>3,265,100</u>	<u>2,957,500</u>
(203,300)	(74,646)	(422,500)	276,966
160,000	160,000	160,000	160,000
<u>\$ (43,300)</u>	85,354	<u>\$ (262,500)</u>	436,966
	<u>223,228</u>		<u>5,734,810</u>
	<u>\$ 308,582</u>		<u>\$ 6,171,776</u>

Village of Inverness, Illinois

General Fund

**Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2012**

	Original and Final Budget	Actual
General government		
Salaries, full-time staff	\$ 292,600	\$ 301,337
Salaries, part-time staff	34,500	24,852
Salaries, elected officials	48,600	48,518
Payroll taxes	28,400	28,596
Unemployment tax	1,000	429
Employee benefits and other personnel related	74,100	65,000
Dues	3,200	3,088
Legal services	90,000	88,158
Engineering services	46,200	46,176
Accounting services	26,000	24,582
Office supplies and postage	25,000	16,883
Insurance	56,700	55,756
Printing and publishing	2,000	1,257
Telephone	6,500	5,476
Automobile and other allowances	6,000	6,920
Bonds and insurance	48,300	45,185
Contract inspection	9,000	6,525
Conferences and training	4,000	1,752
Miscellaneous	40,000	27,698
Property maintenance	55,000	39,690
Contributions	3,000	3,000
Audit	17,000	17,000
Total general government	<u>917,100</u>	<u>857,878</u>
Public safety		
Police salaries, full-time	868,700	869,450
Police salaries, part-time	12,000	10,927
Police overtime	20,000	-
Police payroll tax	67,000	64,915
Police pension	88,400	87,996
Police unemployment tax	1,000	1,063
Police health insurance	188,500	195,922
Emergency response	18,000	14,491
Police training	3,000	526
Police dues	8,000	7,530
Police supplies/services	8,500	6,592
Police uniforms	6,000	3,963
Police office supplies	6,500	5,936

(Continued)

Village of Inverness, Illinois

General Fund

**Schedule of Expenditures - Budget and Actual (Continued)
Year Ended April 30, 2012**

	Original and Final Budget	Actual
Public safety (Continued)		
Police contracts	\$ 156,400	\$ 155,334
Police vehicle maintenance	50,000	45,920
Police telephone	6,000	4,249
Total public safety	<u>1,508,000</u>	<u>1,474,814</u>
Public works		
Engineering services	45,000	26,538
Forestry	40,000	39,072
Stormwater management	50,000	8,529
Solid waste	167,800	156,056
Street and bridge	50,000	17,524
Snow removal	338,400	261,386
Total public works	<u>691,200</u>	<u>509,105</u>
Debt service		
Principle retirement	-	5,504
Interest	-	809
Total debt service	<u>-</u>	<u>6,313</u>
Capital outlay		
General governmental		
Office equipment	20,000	15,063
Public safety		
Police vehicles	52,800	38,863
Police radios	45,000	43,105
Police office equipment	6,000	5,422
Police other capital	25,000	6,937
	<u>148,800</u>	<u>109,390</u>
Total expenditures	<u><u>\$ 3,265,100</u></u>	<u><u>\$ 2,957,500</u></u>

Nonmajor Governmental Funds – Special Revenue Fund

Village of Inverness, Illinois

Nonmajor Governmental Fund - Motor Fuel Tax Fund

Balance Sheet

April 30, 2012

Assets	
Cash and investments	\$ 265,537
Intergovernmental receivables	<u>14,364</u>
Total assets	<u><u>\$ 279,901</u></u>
Liabilities and Fund Balance	
Liabilities	
Due to other funds	<u>\$ 160,000</u>
Total liabilities	160,000
Fund balance - restricted for street and bridge improvements	<u>119,901</u>
Total liabilities and fund balance	<u><u>\$ 279,901</u></u>

Village of Inverness, Illinois

Nonmajor Governmental Fund - Motor Fuel Tax Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended April 30, 2012

	Original and Final Budget	Actual
Revenues		
Intergovernmental - motor fuel tax allotments	\$ 160,300	\$ 214,161
Interest	400	119
Total revenues	<u>160,700</u>	<u>214,280</u>
Expenditures		
Public works	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	160,700	214,280
Other financing (uses)		
Transfers out	<u>(160,000)</u>	<u>(160,000)</u>
Net change in fund balance	<u>\$ 700</u>	54,280
Fund balance - beginning		<u>65,621</u>
Fund balance - ending		<u>\$ 119,901</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, 2012

	Original and Final Budget	Actual
Revenues		
Taxes		
Property taxes	\$ 814,800	\$ 855,121
Interest	-	177
Total revenues	<u>814,800</u>	<u>855,298</u>
Expenditures		
General government		
Debt service		
Principal	490,000	490,000
Interest	324,800	325,070
Total expenditures	<u>814,800</u>	<u>815,070</u>
Net change in fund balance	<u>\$ -</u>	40,228
Fund balance - beginning		<u>450,128</u>
Fund balance - ending		<u>\$ 490,356</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, 2012

	Original and Final Budget	Actual
Revenues		
Interest	\$ 3,000	\$ 587
Expenditures		
Public works		
Engineering	115,000	129,013
Capital outlay	2,670,000	2,177,707
Total expenditures	<u>2,785,000</u>	<u>2,306,720</u>
Net change in fund balance	<u>\$ (2,782,000)</u>	(2,306,133)
Fund balance - beginning		<u>2,813,973</u>
Fund balance - ending		<u>\$ 507,840</u>

Statistical Section (Unaudited)

Village of Inverness, Illinois

**Property Tax Assessed Valuations, Rates,
Extensions and Collections (Unaudited)
April 30, 2012**

Year	2011	2010	2009	2008	2007
Assessed valuation	\$ 511,800,895	\$ 569,891,309	\$ 628,948,084	\$ 592,409,976	\$ 546,467,233
Tax rate per \$100 of assessed valuation					
Corporate	0.326	0.279	0.253	0.268	0.276
Bonds	0.170	0.150	0.135	0.143	-
	<u>0.496</u>	<u>0.429</u>	<u>0.388</u>	<u>0.411</u>	<u>0.276</u>
Extensions					
Corporate	1,618,800	1,541,000	1,541,000	1,587,910	1,507,796
Bonds	825,020	814,720	808,820	844,254	-
	<u>2,443,820</u>	<u>2,355,720</u>	<u>2,349,820</u>	<u>2,432,164</u>	<u>1,507,796</u>
Collections*					
Corporate	778,488	1,554,876	1,570,288	1,532,069	1,494,464
Bonds	419,555	832,466	834,808	814,565	-
	<u>1,198,043</u>	<u>2,387,342</u>	<u>2,405,096</u>	<u>2,346,634</u>	<u>1,494,464</u>
Year	2006	2005	2004	2003	2002
Assessed valuation	\$ 442,824,791	\$ 426,107,824	\$ 384,577,473	\$ 323,034,513	\$ 319,072,912
Tax rate per \$100 of assessed valuation					
Corporate	0.256	0.133	0.147	0.175	0.178
Bonds	-	-	-	-	-
	<u>0.256</u>	<u>0.133</u>	<u>0.147</u>	<u>0.175</u>	<u>0.178</u>
Extensions					
Corporate	1,133,604	566,723	565,329	565,310	567,950
Bonds	-	-	-	-	-
	<u>1,133,604</u>	<u>566,723</u>	<u>565,329</u>	<u>565,310</u>	<u>567,950</u>
Collections*					
Corporate	1,109,881	565,991	563,708	563,156	563,567
Bonds	-	-	-	-	-
	<u>1,109,881</u>	<u>565,991</u>	<u>563,708</u>	<u>563,156</u>	<u>563,567</u>

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

Village of Inverness, Illinois

Schedule of Legal Debt Margin

April 30, 2012

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.