

VILLAGE OF DIAMOND
Grundy County, Illinois
Independent Auditor's Report
Annual Financial Report
For the Year Ended
April 30, 2013

Janet L. Brown
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VILLAGE OF DIAMOND, ILLINOIS

Annual Financial Report
Year Ended April 30, 2013
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Independent Auditor's Report

October 16, 2013

To the Honorable Mayor,
and Board of Commissioners
Village of Diamond, Illinois

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Diamond, Illinois, as of and for the year ended April 30, 2013 and the related notes to the financial statements, which collectively comprise the Village's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation

of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also included evaluation of the overall appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Diamond, Illinois, as of April 30, 2013, the respective changes in modified cash-basis financial position for the year then ended in accordance with the modified cash-basis of accounting described in Note 1.

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

Report on Other Legal and Regulatory Requirements

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements. The accompanying other information pages 32 through 38 is presented for purposes of additional analysis and is not a required part of the financial statements. The combining fund financial statements and the individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The statistical section pages 39 through 42 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.



Janet L. Brown
Certified Public Accountant

Coal City, Illinois

VILLAGE OF DIAMOND, ILLINOIS
Government-Wide
Statement of Net Assets - Modified Cash Basis

April 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Primary Government</u> <u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$ 2,323,540	1,662,095	3,985,635
Internal Balances *	17,170*	-0-	17,170
Capital Assets, net of Accumulated Depreciation	<u>774,122</u>	<u>8,907,679</u>	<u>9,681,801</u>
Total Assets	\$ <u>3,114,832</u>	<u>10,569,774</u>	<u>13,684,606</u>
<u>Liabilities:</u>			
<u>Noncurrent liabilities:</u>			
Due within one year	\$ -0-	370,966	370,966
Due within more than one year	<u>-0-</u>	<u>7,128,961</u>	<u>7,128,961</u>
Total Liabilities	\$ <u>-0-</u>	<u>7,499,927</u>	<u>7,499,927</u>
<u>Net Assets:</u>			
Invested in capital assets net of related debt	\$ 774,122	1,407,752	2,181,874
<u>Restricted for:</u>			
Debt Service	-0-	581,522	581,522
Capital Projects	-0-	48,715	48,715
Audit	2,468	-0-	2,468
Social Security	4,472	-0-	4,472
Workman's Comp	2,324	-0-	2,324
Unrestricted	<u>2,331,446</u>	<u>1,031,858</u>	<u>3,363,304</u>
Total Net Assets	\$ <u>3,114,832</u>	<u>3,069,847</u>	<u>6,184,679</u>

*See Footnote 7

The Notes are an Integral Part of these Statements.

Continued

VILLAGE OF DIAMOND, ILLINOIS

Government-Wide
Statement of Activities - Modified Cash Basis
For the Year Ended April 30, 2013

<u>Program Activities</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Fees, Fines And Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants And Contributions</u>
<u>Governmental Activities</u>				
General government	\$ 498,369	63,999	-0-	-0-
Public Safety	52,077	-0-	-0-	-0-
Streets and Public Works	62,054	-0-	60,735	450,674
Culture and Recreation	996	-0-	-0-	-0-
Total Governmental Activities	\$ <u>613,496</u>	<u>63,999</u>	<u>60,735</u>	<u>450,674</u>
<u>Business-type Activities</u>				
Water	\$ 499,599	465,843	-0-	15,223
Sewer	790,908	449,233	-0-	101,879
Sanitation	162,347	178,318	-0-	-0-
Total Business-type Activities	\$ <u>1,452,854</u>	<u>1,093,394</u>	<u>-0-</u>	<u>117,102</u>
Total Government	\$ <u>2,066,350</u>	<u>1,157,393</u>	<u>60,735</u>	<u>567,776</u>

The Notes are an Integral Part of these Statements.

VILLAGE OF DIAMOND, ILLINOIS

Government-Wide
Statement of Activities - Modified Cash Basis
For the Year Ended April 30, 2013

Net (Expenses) Revenue and Changes in Net Assets

<u>Program Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Governmental Activities</u>			
General government	\$ (434,370)	-0-	(434,370)
Public Safety	(52,077)	-0-	(52,077)
Streets and Public Works	449,355	-0-	449,355
Culture and Recreation	(996)	-0-	(996)
Total Governmental Activities	\$ (38,088)	-0-	(38,088)
<u>Business-type Activities</u>			
Water	\$ -0-	(18,533)	(18,533)
Sewer	-0-	(239,796)	(239,796)
Sanitation	-0-	15,971	15,971
Total Business-type Activities	\$ -0-	(242,358)	(242,358)
Total Government	\$ (38,088)	(242,358)	(280,446)
General Revenues:			
Taxes:			
Property Tax	\$ 278,519	-0-	278,519
Utility	92,802	-0-	92,802
Miscellaneous Income	10,780	32,850	43,630
Intergovernmental not restricted			
To specific programs	569,676	-0-	569,676
Investment earnings	3,537	1,129	4,666
Total General Revenues	\$ 955,314	33,979	989,293
Change in Net Assets	917,226	(208,379)	708,847
Net assets at beginning of year	<u>2,197,606</u>	<u>3,278,226</u>	<u>5,475,832</u>
Net assets at end of year	\$ <u>3,114,832</u>	<u>3,069,847</u>	<u>6,184,679</u>

The Notes are an Integral Part of these Statements.

VILLAGE OF DIAMOND, ILLINOIS

Balance Sheet - Modified Cash Basis

Governmental Funds
April 30, 2013

<u>Assets</u>		General <u>Fund</u>	Other Governmental <u>Fund</u>	Total Governmental <u>Funds</u>
Cash and Cash Equivalents	\$	2,074,949	248,591	2,323,540
Due from Fiduciary Fund		<u>17,170</u>	<u>-0-</u>	<u>17,170</u>
Total Assets and Other Debits	\$	<u>2,092,119</u>	<u>248,591</u>	<u>2,340,710</u>
Funds Balances:				
Reserved	\$	9,264	-0-	9,264
Unreserved-undesignated				
Reported in:				
General Fund		2,082,855	-0-	2,082,855
Nonmajor Funds		<u>-0-</u>	<u>248,591</u>	<u>248,591</u>
Total Fund Balances	\$	<u>2,092,119</u>	<u>248,591</u>	2,340,710

Amounts reported for Governmental Activities in the statement of Net Assets are different because:

Capital assets used in governmental activities of \$ 1,417,442 net of accumulated depreciation of \$ 643,320 are not financial resources and therefore are not reported in the funds.

		<u>774,122</u>
Net Assets of governmental activities	\$	<u>3,114,832</u>

The Notes are an Integral Part of these Statements.

VILLAGE OF DIAMOND, ILLINOIS

Statement of Revenues, Expenditures, and
Changes in Fund Balances - Modified Cash Basis

Governmental Funds
For the Year Ended April 30, 2013

		General Fund	Nonmajor Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$	268,729	9,790	278,519
Utility Taxes		92,802	-0-	92,802
Licenses and Permits		60,664	-0-	60,664
Intergovernmental		569,676	60,735	630,411
Grants		450,674	-0-	450,674
Investment Earnings		3,260	277	3,537
Fees		3,335	-0-	3,335
Miscellaneous		<u>4,277</u>	<u>6,503</u>	<u>10,780</u>
Total Revenue	\$	<u>1,453,417</u>	<u>77,305</u>	<u>1,530,722</u>
<u>Expenditures:</u>				
Current:				
General Government	\$	459,607	-0-	459,607
Public Safety		52,077	-0-	52,077
Streets and Public Works		31,781	1,547	33,328
Culture & Recreation		-0-	996	996
Capital Outlay		<u>225,055</u>	<u>5,786</u>	<u>230,841</u>
Total Expenditures	\$	<u>768,520</u>	<u>8,329</u>	<u>776,849</u>
Excess (deficiency) of Revenues Over Expenditures and /Net Change in fund balance	\$	684,897	68,976	753,873
Fund Balance at beginning of year		<u>1,407,222</u>	<u>179,615</u>	<u>1,586,837</u>
Fund Balance at end of year	\$	<u>2,092,119</u>	<u>248,591</u>	<u>2,340,710</u>
Reconciliation to the Statement of Activities:				
Net change in fund balances - total governmental funds	\$			<u>753,873</u>
Amounts reported for governmental activities in the Statements of Activities are different because:				
Governmental fund report capital outlays as expenditures While governmental activities report depreciation expense To allocate those expenditures over the life of the assets:				
				\$ 230,841
				<u>(67,488)</u>
				<u>163,353</u>
Change in Net Assets of Governmental Activities	\$			<u>917,226</u>

The Notes are an Integral Part of these Statements.

VILLAGE OF DIAMOND, ILLINOIS
 Budgetary Comparison Schedule - Modified Cash Basis

Major Governmental Fund
 General Fund
For the Year Ended April 30, 2013

		Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
		<u>Original & Final</u>		<u>(Negative)</u>
Beginning Budgetary Fund Balance:	\$	1,407,222	1,407,222	-0-
Resources (Inflows):				
Taxes:				
Property		215,000	268,729	53,729
Utility		105,000	92,802	(12,198)
Intergovernmental:				
State Income Tax		155,000	242,350	87,350
Replacement Tax		100	231	131
Telecommunication Tax		55,000	62,319	7,319
Sales Tax		235,000	222,603	(12,397)
Local Use Tax		30,000	40,252	10,252
Video Gaming Tax		-0-	1,921	1,921
Licenses and Permits		39,000	60,664	21,664
Interest Income		5,000	3,260	(1,740)
Grants		2,132,000	450,674	(1,681,326)
Fees		550	3,335	2,785
Miscellaneous		5,000	4,277	(723)
Amounts available for Appropriation	\$	<u>4,383,872</u>	<u>2,860,639</u>	<u>(1,523,233)</u>
<u>Charges to Appropriations (Outflows):</u>				
General Government	\$	582,525	459,607	122,918
Public Safety		58,000	52,077	5,923
Streets and Public Works		54,000	31,781	22,219
Culture & Recreation		2,500	-0-	2,500
Capital Outlay		<u>2,369,500</u>	<u>225,055</u>	<u>2,144,445</u>
Total Charges to Appropriations	\$	<u>3,066,525</u>	<u>768,520</u>	<u>2,298,005</u>
Ending Budgetary Fund Balance	\$	<u>1,317,347</u>	<u>2,092,119</u>	<u>774,772</u>

The Notes are an Integral Part of these Statements.

VILLAGE OF DIAMOND, ILLINOIS

Proprietary Funds
Statement of Net Assets - Modified Cash Basis
April 30, 2013

Business Type Activities - Enterprise Funds

Assets	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Totals</u>
Current Assets:				
Cash and Cash Equivalents	\$ 1,110,053	473,578	78,464	1,662,095
Non Current Assets:				
Other Capital Assets, net of Accumulated Depreciation	<u>2,974,260</u>	<u>5,933,419</u>	<u>-0-</u>	<u>8,907,679</u>
Total Assets	\$ <u>4,084,313</u>	<u>6,406,997</u>	<u>78,464</u>	<u>10,569,774</u>
 Liabilities				
Current Liabilities:				
Alternate Revenue Bonds	\$ <u>70,000</u>	<u>300,966</u>	<u>-0-</u>	<u>370,966</u>
Total Current Liabilities	\$ <u>70,000</u>	<u>300,966</u>	<u>-0-</u>	<u>370,966</u>
Non Current Liabilities:				
Alternate Revenue Bonds	\$ <u>1,590,000</u>	<u>5,538,961</u>	<u>-0-</u>	<u>7,128,961</u>
Total Non Current Liabilities	\$ <u>1,590,000</u>	<u>5,538,961</u>	<u>-0-</u>	<u>7,128,961</u>
Total Liabilities	\$ <u>1,660,000</u>	<u>5,839,927</u>	<u>-0-</u>	<u>7,499,927</u>
 Net Assets				
Invested in Capital Assets, Net of related debt	\$ 1,314,260	93,492	-0-	1,407,752
Restricted for:				
Debt retirement	136,427	445,095	0-	581,522
Completion of Projects	48,715	-0-	-0-	48,715
Unrestricted	<u>924,911</u>	<u>28,483</u>	<u>78,464</u>	<u>1,031,858</u>
Total Net Assets	\$ <u>2,424,313</u>	<u>567,070</u>	<u>78,464</u>	<u>3,069,847</u>

The Notes are an Integral Part of these Statements.

VILLAGE OF DIAMOND, ILLINOIS

Proprietary Funds
Statement of Revenues, Expenses and Changes
in Fund Net Assets - Modified Cash Basis

For the Year Ended April 30, 2013

Business Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Totals</u>
Operating Revenues Collected:				
Charges for services	\$ <u>461,843</u>	<u>444,433</u>	<u>178,318</u>	<u>1,084,594</u>
Operating Expenditures Disbursed:				
Personal Services	\$ (83,710)	(79,412)	-0-	(163,122)
Supplies and Services	(115,231)	(49,743)	(162,347)	(327,321)
Utilities	(26,805)	(55,451)	-0-	(82,256)
Depreciation	<u>(154,299)</u>	<u>(454,788)</u>	<u>-0-</u>	<u>(609,087)</u>
Total Operating Expenditures Disbursed	\$ <u>(380,045)</u>	<u>(639,394)</u>	<u>(162,347)</u>	<u>(1,181,786)</u>
Income (Loss) from operations	\$ <u>81,798</u>	<u>(194,961)</u>	<u>15,971</u>	<u>(97,192)</u>
Nonoperating Revenues Collected (Expenditures Disbursed):				
Investment Income	\$ 610	484	35	1,129
Grants	15,223	101,879	-0-	117,102
Interest & Fiscal Charges	(119,554)	(151,514)	-0-	(271,068)
Insurance Reimbursement	31,769	-0-	-0-	31,769
Permits	4,000	4,800	-0-	8,800
Miscellaneous	<u>1,056</u>	<u>25</u>	<u>-0-</u>	<u>1,081</u>
Total Nonoperating Revenues Collected (Expenditures Disbursed)	<u>(66,896)</u>	<u>(44,326)</u>	<u>35</u>	<u>(111,187)</u>
Income (Loss) before Contributions and transfers/ Change in net assets	\$ 14,902	(239,287)	16,006	(208,379)
Net Assets at beginning of year	<u>2,409,411</u>	<u>806,357</u>	<u>62,458</u>	<u>3,278,226</u>
Net Assets at end of year	\$ <u>2,424,313</u>	<u>567,070</u>	<u>78,464</u>	<u>3,069,847</u>

The Notes are an Integral Part of these Statements.

VILLAGE OF DIAMOND, ILLINOIS

Statements of Cash Flows - Modified Cash Basis

Proprietary Funds
For the Year Ended April 30, 2013

Business Type Activities - Enterprise Funds

	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Cash flows from				
Operating Activities:				
Cash received from customers				
For services	\$ 465,843	449,233	178,318	1,093,394
Cash payments to suppliers for				
Goods and services	(142,036)	(105,194)	(162,347)	(409,577)
Cash Payments to employees for				
Services	<u>(83,710)</u>	<u>(79,412)</u>	<u>-0-</u>	<u>(163,122)</u>
Net Cash provided by				
Operating activities	\$ <u>240,097</u>	<u>264,627</u>	<u>15,971</u>	<u>520,695</u>
Cash flows from capital and				
Related financing activities:				
Acquisition and construction				
of capital assets	\$ (243,643)	(937)	-0-	(244,580)
Interest Paid on bonds & fees	(119,554)	(151,514)	-0-	(271,068)
Retirement of bonds	<u>(70,000)</u>	<u>(293,581)</u>	<u>-0-</u>	<u>(363,581)</u>
Net cash used by capital and				
Related financing activities	\$ <u>(433,197)</u>	<u>(446,032)</u>	<u>-0-</u>	<u>(879,229)</u>
Cash flow from investing activities:				
Interest on cash and cash				
equivalents	\$ <u>610</u>	<u>484</u>	<u>35</u>	<u>1,129</u>
Cash flows from noncapital				
Financing activities:				
Grants	\$ 15,223	101,879	-0-	117,102
Insurance Reimbursement	31,769	-0-	-0-	31,769
Miscellaneous	<u>1,056</u>	<u>25</u>	<u>-0-</u>	<u>1,081</u>
Net Cash used by noncapital				
Financing activities	\$ <u>48,048</u>	<u>101,904</u>	<u>-0-</u>	<u>149,952</u>
Net increase (decrease) in cash				
and cash equivalents	\$ (144,442)	(79,017)	16,006	(207,453)
Cash and cash equivalents,				
May 1, 2011	<u>1,254,495</u>	<u>552,595</u>	<u>62,458</u>	<u>1,869,548</u>
Cash and cash equivalents,				
April 30, 2013	\$ <u><u>1,110,053</u></u>	<u><u>473,578</u></u>	<u><u>78,464</u></u>	<u><u>1,662,095</u></u>

The Notes are an Integral Part of these Statements.

VILLAGE OF DIAMOND, ILLINOIS
Statement of Fiduciary Net Assets
Fiduciary Funds

April 30, 2013

Assets	<u>Subdivision Development</u>	<u>School Site Donation</u>	<u>Development Reimbursements</u>	<u>Total Agency Funds</u>
Cash and Cash Equivalents	\$ <u>5,224</u>	<u>24,827</u>	<u>52,612</u>	<u>82,663</u>
 Liabilities				
Interfund Loans *	\$ -0-	-0-	17,170	17,170
Refunds payable & other reimbursements	<u>5,224</u>	<u>24,827</u>	<u>35,442</u>	<u>65,493</u>
Total Liabilities	\$ <u>5,224</u>	<u>24,827</u>	<u>52,612</u>	<u>82,663</u>

* See Footnote 7

The Notes are an Integral Part of these Statements.

VILLAGE OF DIAMOND, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1. C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

1.A. Financial Reporting Entity

The Village's financial reporting entity is composed of the following:

Primary Government:	Village of Diamond
Blended Component Unit:	None
Discretely Presented Component Unit:	None

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 14, The Financial Reporting Entity.

The component unit is included in the Village's reporting entity because of the significance of its financial relationship with the Village. The Village (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Village. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit. Because of the closeness of its relationship with the primary government (the Village), the component unit is blended as though

it was part of the primary government. The Village's blended component units, which all has an April 30 Year end is as follows:

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the Village Board, or the component unit provides services entirely to the Village. The component unit's funds are blended into those of the Village by appropriate fund type to constitute the primary government presentation. For the year ended April 30, 2013, there were no blended component units.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. For the year ended April 30, 2013, there were no discretely presented component units.

1.B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Village presently has three fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Village and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Village. The reporting entity includes the following special revenue funds, all of which are reported as nonmajor funds:

<u>Fund</u>	<u>Brief Description</u>	<u>Major/Nonmajor</u>
Park Fund	Accounts for revenues received and expenditures paid for recreational services	Nonmajor
Emergency Management IPRA Fund	Accounts for revenues received and expenditures paid for emergency management services	Nonmajor
Motor Fuel Tax Fund	Accounts for revenues received and expenditures paid with State Motor Fuel Tax Funds	Nonmajor

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds that are reported as major funds:

<u>Fund</u>	<u>Brief Description</u>
Water Fund	Accounts for activities necessary to provide water services to the public.

Sewer Fund	Accounts for activities necessary to provide wastewater services to the public.
Sanitation Fund	Accounts for activities necessary to provide sanitation services to the public.

All are major funds. Additionally, the Village reports the following fund types:

The Village reports the following fiduciary fund types which are held in a trustee or agent capacity for others and therefore are not available to support Village programs. Because by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements:

The Agency Funds are used to account for assets held by the Village in a purely custodial capacity.

Collections are made by the village for school site fees which are later refunded to the appropriate entity. The balance at year end in the school site donation fund was \$ 24,827.

The developers deposit funds, per an agreement with the city, which are then used to pay engineering and legal fees. They are billed on a monthly basis to replenish the deposits. A new policy was instituted to make sure the developers are current with their deposit balances. The development reimbursement balance at year end was \$ 35,442.

The letter of credit for \$ 617,652 was drawn down to finance subdivision improvements. A new letter of credit of \$ 227,670 was instituted and the funds returned to First Midwest Bank. The subdivision development fund balance at year end was \$ 5,224 which includes interest income of \$ 3,291.

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statement, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental, business-like, and component unit activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expense for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Village utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

1.D. Assets, Liabilities, and Equity

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents"

includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Capital Assets

The Village's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Prior to April 30, 1990 governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 1990 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Improvements other than buildings	20 years
Machinery, furniture, and equipment	10 years
Utility property and improvements	20-50 years
Infrastructure	20-50 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Debt

All long term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets-Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the Village's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

1.E. Revenues, Expenditures, and Expenses

Programs Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Village's taxpayers are reported as program revenue. The Village has the following program revenue in each activity:

General Government	Licenses and Permits SRTS Grant
Streets and Public Works	Motor Fuel Tax IL Jobs Now Grant Snow Plowing Fees

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and /or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

1.F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial

statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business - type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

1.G. Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Village requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

1.H. Compensated Absences

Accumulated unpaid vacations, and other employee benefit amounts are not accrued in governmental funds. At April 30, 2013, the Village's liability for unpaid vacations and other employee benefits was immaterial in amount.

Note 2: Common Bank Account

Separate bank accounts are not maintained for all village funds. Certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Village Board. Such overdrafts constitute unauthorized interfund loans since they were not authorized by the Village Board.

Note 3: Deposits and Investments

(a) Custodial Credit Risk-Deposits

At April 30, 2013, the carrying amount of the Village's deposits was \$ 3,643,414 and the bank balance was \$ 3,648,385. The bank balance was completely covered by federal depository insurance.

State statutes and Village resolutions authorize the Village's investments. The Village is authorized to invest in insured or collateralized certificates of deposit, fully collateralized repurchase agreements, and government pools.

The Village elects to exclude investments with maturity of one year or less from date of purchase from fair value reporting. These investments are reported at amortized cost. As of April 30, 2013 the Village had the following investments:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Certificates of Deposit	\$ <u>424,884</u>	<u>424,884</u>

Interest Rate Risk

In accordance with its investment policy, the Village manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to one year (365 days).

Credit Risk

The Village's investment policy is to apply the "prudent investor" standard: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Concentration of Credit Risk

The Village places no limit on the amount the Village may invest in any one issuer. The government pool diversifies their investment to avoid over-concentration in a specific instrument. Collateral is obtained from financial institutions.

Cash and cash equivalents are reported at cost. Total deposits and investments are presented on the Statement of Net Assets as:

	<u>Primary Government</u>	<u>Reporting Entity</u>
Cash, cash equivalents, and investments	\$ <u>4,068,298</u>	<u>4,068,298</u>

NOTE 4. PROPERTY TAX

The Village's property tax is levied each year on all taxable real property located in the Village on or before the last Tuesday in December.

The 2012 levy was passed by the board on December 11, 2012 and amended January 22, 2013. Property taxes attach as an enforceable

lien on property as of January 1 and are payable in two installments on June 4 and September 4. The Village receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded in these financial statements are from the 2011 and prior tax levies.

The following are the tax rate limits permitted by local referendum and the actual rates levied per \$100.00 of assessed valuation:

	Limit	Actual	
		2012 Levy	2011 Levy
Corporate	.3330	.3287	.2767
Audit	As Needed	.0224	.0200
Police Protection	.0750	.0671	.0698
Parks	.1000	.0157	.0200
Workman's Comp	As Needed	.0335	.0300
Social Security	As Needed	.0559	.0499
		<u>.5233</u>	<u>.4664</u>

NOTE 5. PERSONAL PROPERTY REPLACEMENT TAX

Personal Property Replacement Tax Revenues according to State statutes are allocated first to pay any deficiency of General Obligation Bond Funds and next to pay any deficiency in the Illinois Municipal Retirement Fund of the Village. The remainder, after meeting the requirements of these two specific funds, may be allocated to any purpose that property taxes are used for, that the Village so desires. The Village has neither obligation to satisfy.

NOTE 6. CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of bond and loan transactions of the Village for the year ended April 30, 2013:

	Payable At April 30, 2012	Additions	Reductions	Payable At April 30, 2013
Sewer				
Revenue Bonds	\$6,133,508	-0-	293,581	5,839,927
Water Alternative Revenue Bonds	<u>1,730,000</u>	<u>-0-</u>	<u>70,000</u>	<u>1,660,000</u>
Total Debt	<u>\$7,863,508</u>	<u>-0-</u>	<u>363,581</u>	<u>7,499,927</u>

Sewer Revenue Bonds

Illinois Environmental Protection Agency, Original Loan \$6,772,881
Loan due semi-annual for 20 years, interest at 2.5%, due on July 11
and January 11.

Schedule of Maturities:

<u>Year Ended April 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 300,966	144,129
2015	308,537	136,558
2016	316,299	128,796
2017	324,256	120,839
2018	332,413	112,682
2019	340,775	104,320
2020	349,348	95,747
2021	358,136	86,959
2022	367,145	77,950
2023	376,381	68,714
2024	385,850	59,245
2025	395,556	49,539
2026	405,507	39,588
2027	415,707	29,387
2028	426,165	18,929
2029	436,886	8,208
	<u>\$ 5,839,927</u>	<u>1,281,590</u>

Water Alternate Revenue Bonds

Build America Bonds,

\$1,800,000 Alternate Bonds 2010 issue - \$1,775,000 Build America Bonds & \$25,000 Non-Build America Bonds - Interest at 2.25% - 7.20% due semi - annual on June 1 and Dec. 1 for 20 years. A 35% tax rebate is applied for after payment of the interest.

Schedule of Maturities:

<u>Year Ended April 30,</u>	<u>Principal</u>	<u>Gross Interest</u>	<u>Less Tax Rebate</u>	<u>Net Interest</u>
2014	\$ 70,000	102,194	35,767	66,427
2015	70,000	100,164	35,057	65,107
2016	75,000	97,714	34,199	63,515
2017	75,000	94,790	33,176	61,614
2018	80,000	91,227	31,929	59,298
2019	80,000	86,427	30,249	56,178
2020	80,000	81,628	28,570	53,058
2021	85,000	76,828	26,890	49,938
2022	90,000	71,728	25,105	46,623
2023	90,000	65,878	23,058	42,820
2024	95,000	60,028	21,010	39,018
2025	95,000	53,853	18,849	35,004
2026	100,000	47,678	16,688	30,990
2027	105,000	40,928	14,325	26,603
2028	110,000	33,840	11,844	21,996
2029	115,000	25,920	9,072	16,848
2030	120,000	17,640	6,174	11,466
2031	125,000	9,000	3,150	5,850
	<u>\$ 1,660,000</u>	<u>1,157,465</u>	<u>405,112</u>	<u>752,353</u>

NOTE 7. INTERFUND TRANSACTIONS

During the course of normal operations, the Village has numerous transactions between funds including expenditures and transfers of resource primarily to provide services. The governmental and proprietary type funds financial statements generally reflect such transactions as transfers.

At April 30, 2013, the Development Reimbursement Fund owes the General Corporate Fund \$ 17,170. This was needed when deposits and reimbursements were underfunded. Expected to be paid back in the year ended April 30, 2014.

NOTE 8. LITIGATION

There are no claims or lawsuits pending against the Village per legal counsel or the Village's management.

NOTE 9. DEFICIT NET ASSETS BALANCES

As of April 30, 2013, there were no deficit net asset balances.

NOTE 10. REVENUE BOND ORDINANCE RESTRICTIONS

Under terms of the Revenue Bond Ordinance, the assets of the Water and Sewer Fund and all excess revenues derived from the operations of the system are pledged as security for the revenue bonds.

The Village is required to keep all monies and assets derived from the operation of the system segregated from all other monies of the Village, and to establish the following accounts in the amounts and for the purpose as listed:

<u>Account</u>	<u>Amount</u>	<u>Purpose</u>
Operating and Maintenance	Amount sufficient to pay reasonable expenses for one month	Operating, maintenance and repairing the system
Bond & Interest	Amount sufficient to pay the current bond and interest maturities	Paying principal and interest on bonds
Bond Reserve	Current Bond Obligation	Reserve for paying principal & interest on bonds

Bond Requirements have been met as of April 30, 2013

NOTE 11. MOTOR FUEL TAX ALLOTMENTS

Under current procedures, the allotments to the Village are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved by the Department of Transportation, State of Illinois.

NOTE 12. SPECIAL TAX LEVIES WITH RESTRICTED FUND BALANCE

Property taxes are collected for Police, Audit, Social Security and Workmen's Compensation Insurance.

1. Audit

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. Expenditures disbursed did not exceed revenue received for this purpose, resulting in a restricted fund balance of \$2,468.

2. Social Security

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. Expenditures disbursed did not exceed revenue received for this purpose, resulting in a restricted fund balance of \$4,472.

3. Workman's Compensation

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. Expenditures disbursed did not exceed revenue received for this purpose, resulting in a restricted fund balance of \$2,324.

The Village of Diamond policy is to expend restricted resources to fund applicable expenses before using unrestricted funds.

Note 13. RESTRICTED FUND BALANCE

Business - Type Activities

Water Fund Construction	\$	<u>48,715</u>
Debt Service - Current		
Bond Obligation	\$	<u>581,522</u>

Note 14. RISK MANAGEMENT

The Village of Diamond currently participates in the Illinois Municipal League Risk Management Association (IMLRMA) to provide workers' compensation coverage and general liability and property insurance. The Village along with other participating entities, contributes annual amounts determined by IMLRMA. As claims arise they are submitted and paid by IMLRMA. During the year ended, April 30, 2013 the Village contributed \$ 39,919 to the fund for this insurance coverage. There were no significant reductions in insurance coverage from the prior fiscal year. Also, there have been no settlement amounts, which have exceeded insurance coverage in the past three years.

Note 15. CHANGES IN CAPITAL ASSETS

Capital Assets include costs of fixed assets purchased. They do not necessarily reflect losses, thefts, or abandonment's.

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended April 30, 2013 is as follows:

Governmental Funds Capital Assets:

	<u>Balance</u> 4/30/12	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 4/30/13
Governmental Activities Capital Assets:				
Improvements Other Than Buildings	\$ 528,961	175,442	-0-	704,403
Buildings & Improvements	187,194	10,704	-0-	197,898
Equipment	<u>470,446</u>	<u>44,695</u>	<u>-0-</u>	<u>515,141</u>
Total Governmental Activities Capital Assets	\$ <u>1,186,601</u>	<u>230,841</u>	<u>-0-</u>	<u>1,417,442</u>
Accumulated Depreciation	\$ <u>575,832</u>	<u>67,488</u>	<u>-0-</u>	<u>643,320</u>
Total Governmental Activities Capital Assets, net of Accumulated Depreciation	\$ <u>610,769</u>	<u>163,353</u>	<u>-0-</u>	<u>774,122</u>
Business - Type Activities Capital Assets:				
Water	\$ 4,069,774	243,643	-0-	4,313,417
Sewer	<u>9,852,427</u>	<u>937</u>	<u>-0-</u>	<u>9,853,364</u>
Total Business - Type Activities Capital Assets	\$ <u>13,922,201</u>	<u>244,580</u>	<u>-0-</u>	<u>14,166,781</u>
Accumulated Depreciation Water	\$ <u>1,184,858</u>	<u>154,299</u>	<u>-0-</u>	<u>1,339,157</u>
Accumulated Depreciation Sewer	\$ <u>3,465,157</u>	<u>454,788</u>	<u>-0-</u>	<u>3,919,945</u>
Total Business - Type Activities Capital Assets, net of accumulated depreciated	\$ <u>9,272,186</u>	<u>(364,507)</u>	<u>-0-</u>	<u>8,907,679</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Primary Government:

Governmental Activities:

General Government	\$ 38,762
Streets and Public Works	<u>28,726</u>
Total depreciation expense for governmental activities	<u>\$ 67,488</u>

Business - Type Activities:

Water	\$ 154,299
Sewer	<u>454,788</u>
Total depreciation expense for business - type activities	<u>\$ 609,087</u>

Note 16. LEGAL DEBT LIMIT

The statutory debt limits are calculated and displayed as Supplemental Information (unaudited). The legal debt margin for 13-14 is \$ 3,857,282, due to the statutory debt limit of \$ 3,857,282 and the applicable current debt of \$ -0-.

Note 17. CONTINGENCIES

The village has received funding from state and federal grants in the current and prior years, which are subject to audits by the granting agencies. The village board believes any adjustments that may arise from these audits will be insignificant to village operations.

Note 18. RETIREMENT FUND COMMITMENTS

1. Defined Benefit Pension Plan

The Illinois Municipal Retirement Fund is an Agent-Multiple Employer Public Employee Retirement System.

Plan Description. The employer's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, your employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 11.93 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2012 was \$ 36,027.

Three-Year Trend Information for the Regular Plan

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	36,027	100%	\$ -0-
12/31/11	34,493	100%	-0-
12/31/10	35,219	100%	-0-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 71.62 percent funded. The actuarial accrued liability for benefits was \$618,904 and the actuarial value of assets was \$443,247, resulting in an underfunded actuarial accrued liability (UAAL) of \$175,657. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$301,989 and the ratio of the UAAL to the covered payroll was 58 percent.

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

2. Social Security and Medicare

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund, are covered under Social Security and Medicare. The Village paid \$25,329 the total required contribution for the current fiscal year.

Note 19. EXCESS OF EXPENDITURES DISBURSED OVER APPROPRIATIONS

Water Revenue Bond Fund expenses of \$189,554 exceeded the budget of \$175,000.

Note 20. GRANTS IN PROGRESS

Grant	<u>Receipts/Revenues</u>	
	<u>Prior Years</u>	<u>Year</u>
		5/01/12-4/30/13
1.) CDAP	\$ 350,000	-0-
2.) Safe Routes To School Grant	22,466	-0-
3.) IKE Grant	-0-	117,102
4.) Enhancement Grant	7,970	2,672
5.) STP Grant	<u>66,704</u>	<u>448,003</u>
Total Receipts/Revenues	\$ <u>447,140</u>	<u>567,777</u>

Grant	<u>Expenditure/Disbursements</u>				Final Status	Budget
	<u>Prior Years</u>	<u>Year</u>	<u>Obligation/</u>	<u>Encumb.</u>		
		5/01/12-4/30/13				
1.) CDAP	\$ 1,307,200	237,462	-0-		N/A	2,413,757
2.) Safe Routes To School Grant	61,181	3,750	-0-		N/A	90,000
3.) IKE Grant	117,102	-0-	-0-		117,102	117,102
4.) Enhancement Grant	1,505	10,473	-0-		N/A	352,000
5.) STP Grant	<u>45,413</u>	<u>146,600</u>	<u>-0-</u>		<u>N/A</u>	<u>2,100,000</u>
Total Expenditures/ Disbursements	\$ <u>1,532,401</u>	<u>398,285</u>	<u>-0-</u>		<u>117,102</u>	<u>5,072,859</u>

Note 21. BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

During the first two months of the fiscal year, the Village officials prepare the proposed appropriation and budget ordinance. The proposed appropriation ordinance is placed on file and a public hearing is conducted at a public meeting to obtain comments from the community. The appropriation ordinance for all governmental fund types is prepared on the modified cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budgeted and actual amounts.

Prior to July 31, the appropriation ordinance is legally adopted through passage of an ordinance. The appropriation ordinance which was not amended, was adopted on July 10, 2012.

Transfers between line items of the appropriation must be approved by the Village officials. All annual appropriations lapse at fiscal year end.

Note 22. SUBSEQUENT EVENTS

Recognized and non-recognized subsequent events have been evaluated through October 16, 2013. No events have occurred that would cause the April 30, 2013 financial statements to be misleading.

VILLAGE OF DIAMOND, ILLINOIS
Schedule of Funding Progress - Defined Benefit Retirement Plan
(Unaudited)

GASB 50 OSI Information for Employers

Village of Diamond
Employer Number: 06489R
OTHER SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$ 443,247	618,904	175,657	71.62	301,989	58.17%
12/31/11	371,700	552,293	180,593	67.30	297,356	60.73%
12/31/10	318,727	542,133	223,406	58.79	330,388	67.62%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$ 452,260. On a market basis, the funded ratio would be 73.07%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Diamond. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

VILLAGE OF DIAMOND, ILLINOIS

Combining Balance Sheet - Modified Cash Basis

Nonmajor Governmental Funds

April 30, 2013

	<u>Totals</u>	<u>Park Fund</u>	<u>Emergency Management IPRA Fund</u>	<u>Motor Fuel Tax Fund</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ <u>248,591</u>	<u>25,466</u>	<u>17</u>	<u>223,108</u>
<u>Fund Equity</u>				
Unreserved	\$ <u>248,591</u>	<u>25,466</u>	<u>17</u>	<u>223,108</u>

The Accompanying Notes are an Integral Part of this Statement.

VILLAGE OF DIAMOND, ILLINOIS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Modified Cash Basis

Nonmajor Governmental Funds

Year Ended April 30, 2013

	<u>Park Fund</u>	<u>Emergency Management IPRA Fund</u>
Revenues:		
Property Taxes	\$ 9,790	-0-
Intergovernmental	-0-	-0-
Interest Income	13	-0-
Total Revenue	\$ <u>9,803</u>	<u>-0-</u>
Expenditures		
Culture and Recreation	\$ 996	-0-
Streets and Public Works	-0-	-0-
Capital Outlay	5,786	-0-
Total Expenditures	\$ <u>6,782</u>	<u>-0-</u>
Net Change in Fund Balance	\$ 3,021	-0-
Fund Balance, Beginning	<u>22,445</u>	<u>17</u>
Fund Balance, Ending	\$ <u>25,466</u>	<u>17</u>

The Accompanying Notes are an Integral Part of this Statement.

VILLAGE OF DIAMOND, ILLINOIS

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Modified Cash Basis

Nonmajor Governmental Funds

Year Ended April 30, 2013

		Motor Fuel Tax Fund	<u>Total</u>
Revenues:			
Property Taxes	\$	-0-	9,790
Intergovernmental		60,735	60,735
Misc Income		6,503	6,503
Interest Income		<u>264</u>	<u>277</u>
Total Revenues	\$	<u>67,502</u>	<u>77,305</u>
Expenditures:			
Culture and Recreation	\$	-0-	996
Streets and Public Works		1,547	1,547
Capital Outlay		-0-	5,786
Total Expenditures	\$	<u>1,547</u>	<u>8,329</u>
Net Change in fund balance	\$	65,955	68,976
Fund Balance, Beginning		<u>157,153</u>	<u>179,615</u>
Fund Balance, Ending	\$	<u>223,108</u>	<u>248,591</u>

The Accompanying Notes are an Integral Part of this Statement.

VILLAGE OF DIAMOND, ILLINOIS
 Budgetary Comparison Schedule - Modified Cash Basis

Budgeted Nonmajor Governmental Funds
 Park Fund
For the Year Ended April 30, 2013

		Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
		<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Beginning Budgetary Fund Balance:	\$	22,445	22,445	-0-
Resources (Inflows):				
Taxes:				
Property		9,800	9,790	(10)
Interest Income		<u>100</u>	<u>13</u>	<u>(87)</u>
Amounts available for Appropriation	\$	<u>32,345</u>	<u>32,248</u>	<u>(97)</u>
<u>Charges to Appropriations (Outflows):</u>				
Culture and Recreation	\$	4,100	996	3,104
Capital Outlay		<u>28,000</u>	<u>5,786</u>	<u>22,214</u>
Total Charges to Appropriations	\$	<u>32,100</u>	<u>6,782</u>	<u>25,318</u>
Ending Budgetary Fund Balance	\$	<u>245</u>	<u>25,466</u>	<u>25,221</u>

VILLAGE OF DIAMOND, ILLINOIS
 Budgetary Comparison Schedule - Modified Cash Basis

Budgeted Nonmajor Governmental Funds
 Emergency Management IPRA Fund
For the Year Ended April 30, 2013

		Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
		<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Beginning Budgetary Fund Balance:	\$	17	17	-0-
Resources (Inflows):				
Grants		<u>1,200</u>	<u>-0-</u>	<u>(1,200)</u>
Amounts available for Appropriation	\$	<u>1,217</u>	<u>17</u>	<u>(1,200)</u>
<u>Charges to Appropriations (Outflows):</u>				
Public Safety	\$	<u>1,200</u>	<u>-0-</u>	<u>1,200</u>
Total Charges to Appropriations	\$	<u>1,200</u>	<u>-0-</u>	<u>1,200</u>
Ending Budgetary Fund Balance	\$	<u><u>17</u></u>	<u><u>17</u></u>	<u><u>-0-</u></u>

VILLAGE OF DIAMOND, ILLINOIS
 Budgetary Comparison Schedule - Modified Cash Basis

Budgeted Nonmajor Governmental Funds
 Motor Fuel Tax Fund
For the Year Ended April 30, 2013

		Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
		<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Beginning Budgetary Fund Balance:	\$	157,153	157,153	-0-
Resources (Inflows):				
Intergovernmental		60,000	60,735	735
Interest Income		3,000	264	(2,736)
Grant		150,000	-0-	(150,000)
Miscellaneous		-0-	6,503	6,503
		<u> </u>	<u> </u>	<u> </u>
Amounts available for Appropriation	\$	<u>370,153</u>	<u>224,655</u>	<u>(145,498)</u>
<u>Charges to Appropriations (Outflows):</u>				
Streets and Public Works	\$	<u>275,000</u>	<u>1,547</u>	<u>273,453</u>
Total Charges to Appropriations	\$	<u>275,000</u>	<u>1,547</u>	<u>273,453</u>
Ending Budgetary Fund Balance	\$	<u>95,153</u>	<u>223,108</u>	<u>127,955</u>

VILLAGE OF DIAMOND, ILLINOIS

Assessed Valuations, Tax Rates, Tax Extensions
& Tax Collections
For Periods Indicated
Tax Year

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Valuation	\$ <u>52,322,795</u>	<u>50,158,724</u>	<u>44,722,115</u>
Tax Rates:			
Corporate	.2351	.2767	.3287
Police	.0383	.0698	.0671
Audit	.0096	.0200	.0224
Park	.0192	.0200	.0157
Social Security	.0287	.0499	.0559
Workmen's Comp	<u>.0134</u>	<u>.0300</u>	<u>.0335</u>
	<u>.3443</u>	<u>.4664</u>	<u>.5233</u>
Tax Extensions:			
Corporate	\$ 123,011	138,789	147,002
Police	20,039	35,011	30,008
Audit	5,022	10,032	10,018
Park	10,046	10,031	7,021
Social Security	15,017	25,030	25,000
Workmen's Comp	<u>7,012</u>	<u>15,047</u>	<u>14,982</u>
	\$ 180,147	233,940	234,031
Township Road and Bridge	<u>43,046</u>	<u>46,348</u>	<u>45,798</u>
Totals	\$ <u>223,193</u>	<u>280,288</u>	<u>279,829</u>
Tax Collections	\$ <u>222,670</u>	<u>277,219</u>	<u>-0-</u>

Continued

VILLAGE OF DIAMOND, ILLINOIS

Assessed Valuations, Tax Rates, Tax Extensions,
& Tax Collections
For Periods Indicated

	<u>Tax Year</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Valuation	\$ <u>39,597,614</u>	<u>45,790,241</u>	<u>49,444,860</u>	<u>50,974,607</u>
Tax Rates:				
Corporate	.1061	.1079	.1372	.1717
Police	.0106	.0110	.0102	.0275
Audit	.0076	.0067	.0082	.0069
Liability Ins.	.0063	.0055	.0021	.0000
Park	.0106	.0093	.0026	.0157
Social Security	.0022	.0219	.0284	.0197
Workmen's Comp	<u>.0013</u>	<u>.0033</u>	<u>.0112</u>	<u>.0108</u>
	<u>.1447</u>	<u>.1656</u>	<u>.1999</u>	<u>.2523</u>
Tax Extensions:				
Corporate	\$ 42,013	49,407	67,838	87,524
Police	4,197	5,037	5,043	14,018
Audit	3,010	3,068	4,054	3,517
Liability Ins.	2,495	2,519	1,038	-0-
Park	4,197	4,259	1,286	8,003
Social Security	871	10,029	14,042	10,042
Workmen's Comp	<u>515</u>	<u>1,511</u>	<u>5,538</u>	<u>5,505</u>
	\$ 57,298	75,830	98,839	128,609
Township Road and Bridge	<u>35,251</u>	<u>37,875</u>	<u>39,150</u>	<u>42,220</u>
Totals	\$ <u>92,549</u>	<u>113,705</u>	<u>137,989</u>	<u>170,829</u>
Tax Collections	\$ <u>92,480</u>	<u>113,644</u>	<u>137,885</u>	<u>170,288</u>

Continued

VILLAGE OF DIAMOND, ILLINOIS

Assessed Valuations, Tax Rates, Tax Extensions
& Tax Collections
For Periods Indicated

	<u>Tax Year</u>		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Assessed Valuation	\$ <u>22,761,279</u>	<u>26,913,167</u>	<u>34,508,541</u>
Tax Rates:			
Corporate	.1260	.1118	.0914
Police	.0170	.0151	.0123
Audit	.0122	.0108	.0088
Liability Ins.	.0097	.0086	.0070
Park	.0170	.0151	.0124
Social Security	.0034	.0030	.0025
Workmen's Comp	<u>.0093</u>	<u>.0082</u>	<u>.0067</u>
	<u>.1946</u>	<u>.1726</u>	<u>.1411</u>
Tax Extensions:			
Corporate	\$ 28,679	30,089	31,541
Police	3,869	4,064	4,244
Audit	2,777	2,907	3,037
Liability Ins.	2,208	2,315	2,416
Park	3,869	4,064	4,279
Social Security	774	807	863
Workmen's Comp	<u>2,117</u>	<u>2,207</u>	<u>2,312</u>
	\$ 44,293	46,453	48,692
Township Road And Bridge	<u>22,905</u>	<u>28,810</u>	<u>31,762</u>
Totals	\$ <u>67,198</u>	<u>75,263</u>	<u>80,454</u>
Tax Collections	\$ <u>66,570</u>	<u>73,402</u>	<u>80,049</u>

VILLAGE OF DIAMOND, ILLINOIS

Legal Debt Margin
April 30, 2013

Assessed Valuation - 2012	\$ <u>44,722,115</u>
Statutory Debt Limit (8.625% of Assessed Valuation)	\$ <u>3,857,282</u>
Debt-	
Sewer Revenue Bonds	\$ 5,839,927
Less Sewer Revenue Bonds	(5,839,927)
Water Alternate Revenue Bonds	1,660,000
Less Water Alternative Revenue Bonds @	<u>(1,660,000)</u>
Total Debt	\$ <u>-0-</u>
Legal Debt Margin	\$ <u>3,857,282</u>

@ Illinois Compiled Statutes

(30 IL CS 350/15) (from Ch 17, par. 6915) (e)
In the event that alternate bonds shall have been issued and taxes, other than a designated revenue source, shall have been extended pursuant to the general obligation, full faith and credit promise supporting such alternate bonds, then the amount of such alternate bonds then outstanding shall be included in the computation of indebtedness of the governmental unit for purposes of all statutory provisions or limitations until such time as an audit of the governmental unit shall show that the alternate bonds have been paid from the enterprise revenues or revenue source, as applicable, pledged thereto for a complete fiscal year.