

VILLAGE OF DUNLAP, ILLINOIS

**Annual Financial Report
And Supplementary Data
For The Year Ended April 30, 2012
(With Independent Auditors' Report Thereon)**

VILLAGE OF DUNLAP, ILLINOIS

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Village President and Board of Trustees
Village of Dunlap, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Dunlap, 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 Village of Dunlap, Illinois's management. 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.

As described in Note 1, the Village of Dunlap, Illinois, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the business-type activities, and each major fund of the Village of Dunlap, Illinois, as of April 30, 2012, and the respective changes in financial position – modified cash basis and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 2 through 5, and the required supplementary information on pages 27 and 28 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 operation, 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 an opinion on the financial statements that collectively comprise the Village's basic financial statements as a whole. The other schedules and supplementary information as listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a part of the basic financial statements of the Village of Dunlap, Illinois. 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 financial statements. The information has been subjected to the auditing procedures applied in the audits 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 4, 2012

**Village of Dunlap
Management's Discussion and Analysis
For the Year Ended April 30, 2012**

Our discussion and analysis of the Village's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2012. Please read it in conjunction with the Village's financial statements, which begin on page 6.

Financial Highlights

The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$3,896,160 (net assets). Of this amount, \$2,730,492 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Village's fund designation and fiscal policies.

The Village's total net assets decreased by \$67,497 during the fiscal year ended April 30, 2012.

At the close of the current fiscal year, the Village's governmental activities reported combined ending net assets of \$1,536,566 of which \$886,489 is unrestricted.

At the end of the current fiscal year, the Village did not have any bonded debt outstanding.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

As explained in Note 1, these financial statements have been prepared on the modified cash basis of accounting. Under that basis, revenue is recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. However, fixed assets have been capitalized and depreciation has been recorded in the government-wide financial statements and in the fund level proprietary financial statements.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances.

The Statement of net assets presents information on all the Village's assets and liabilities on a modified cash basis, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The statement of activities presents information showing how the Village's net assets changed during the fiscal year.

Both of the government-wide financial statements distinguish between functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government and administration, public safety and culture and recreation. The business-type activities include water and sewer operations. The government-wide financial statements can be found on pages 6 and 7 of this report.

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

**Village of Dunlap
Management's Discussion and Analysis
For the Year Ended April 30, 2012**

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on current sources and uses of spendable sources, as well as on balances of spendable resources available at the end of the fiscal year. The Village maintains two governmental funds, the General Fund and the Motor Fuel Tax Fund. Information is presented separately in the governmental funds statements for the each of these funds. The governmental fund financial statements can be found on pages 8 - 10.

Proprietary Funds - The Village has one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The Village uses enterprise funds to account for the Water and Sewer Funds. The proprietary fund financial statements can be found on pages 11 - 14.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 26.

Governmental-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position. In the case of the Village, assets exceed liabilities by \$3,896,160 as of April 30, 2012.

A significant portion of the Village's net assets (30%) reflects its investments in capital assets (e.g. land, buildings and improvements, and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Village of Dunlap's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 886,489	\$ 1,024,509	\$ 1,844,003	\$ 1,674,490	\$ 2,730,492	\$ 2,698,999
Capital assets	650,077	674,880	515,591	589,778	1,165,668	1,264,658
Total assets	<u>1,536,566</u>	<u>1,699,389</u>	<u>2,359,594</u>	<u>2,264,268</u>	<u>3,896,160</u>	<u>3,963,657</u>
Liabilities	-	-	-	-	-	-
Net Assets:						
Invested in capital assets	650,077	674,880	515,591	589,778	1,165,668	1,264,658
Unrestricted	886,489	1,024,509	1,844,003	1,674,490	2,730,492	2,698,999
Total net assets	<u>\$ 1,536,566</u>	<u>\$ 1,699,389</u>	<u>\$ 2,359,594</u>	<u>\$ 2,264,268</u>	<u>\$ 3,896,160</u>	<u>\$ 3,963,657</u>

As of April 30, 2012 and 2011, the Village had positive balances in all categories of net assets.

**Village of Dunlap
Management's Discussion and Analysis
For the Year Ended April 30, 2012**

Analysis of the Village's Operations - Overall the Village had a decrease in net assets of \$67,497, and an increase in cash and investments of \$43,107.

Governmental Activities: Governmental activities net assets decreased by \$162,823. Total revenues for governmental activities decreased from the previous year by \$40,387 primarily as a result of a decrease in state income tax and sales tax revenue.

Business-type Activities: Net assets from business-type activities increased by \$95,326. Water and sewer revenue decreased \$1,986 from the previous year.

Village of Dunlap's Change in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 2,450	\$ 2,400	\$ 375,664	\$ 374,832	\$ 378,114	\$ 377,232
General revenues:						
Ad valorem taxes	75,181	73,260	-	-	75,181	73,260
Franchise fees	17,968	18,405	-	-	17,968	18,405
State income taxes	97,384	113,037	-	-	97,384	113,037
Sales tax	102,676	130,483	-	-	102,676	130,483
Use tax	20,296	18,201	-	-	20,296	18,201
Personal property tax	1,406	1,559	-	-	1,406	1,559
Motor fuel tax	39,736	39,295	-	-	39,736	39,295
Interest	10,244	10,344	16,838	19,653	27,082	29,997
Miscellaneous	88	832	50	53	138	885
Total revenues	<u>367,429</u>	<u>407,816</u>	<u>392,552</u>	<u>394,538</u>	<u>759,981</u>	<u>802,354</u>
Expenses:						
General government and administration	231,071	276,683	-	-	231,071	276,683
Public safety	17,914	17,061	-	-	17,914	17,061
Public works and transportation	281,267	221,084	-	-	281,267	221,084
Water and sewer	-	-	297,226	236,447	297,226	236,447
Total expenses	<u>530,252</u>	<u>514,828</u>	<u>297,226</u>	<u>236,447</u>	<u>827,478</u>	<u>751,275</u>
Increase (decrease) in net assets	(162,823)	(107,012)	95,326	158,091	(67,497)	51,079
Net assets - beginning of year	<u>1,699,389</u>	<u>1,806,401</u>	<u>2,264,268</u>	<u>2,106,177</u>	<u>3,963,657</u>	<u>3,912,578</u>
Net assets - end of year	<u>\$ 1,536,566</u>	<u>\$ 1,699,389</u>	<u>\$ 2,359,594</u>	<u>\$ 2,264,268</u>	<u>\$ 3,896,160</u>	<u>\$ 3,963,657</u>

Financial Analysis of the Government'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, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$886,489.

**Village of Dunlap
Management's Discussion and Analysis
For the Year Ended April 30, 2012**

Proprietary funds - The Village's proprietary fund statements provide the same type of information found in the government-wide financial statements, only in more detail. Unrestricted net assets of the respective proprietary funds are Water \$707,760 and Sewer \$1,651,834. Total net assets increased in 2012 as follows: Water \$15,514 and Sewer \$79,812.

Capital Assets

The Village of Dunlap's investment in capital assets for its governmental and business-type activities as of April 30, 2012, amounts to \$1,165,668 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and equipment.

**Capital Assets at Year-End
Net of Accumulated Depreciation**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 125,640	\$ 125,640	\$ 3,183	\$ 3,183	\$ 128,823	\$ 128,823
Buildings and improvements	231,133	242,204	-	-	231,133	242,204
Northpark	87,293	75,075	-	-	87,293	75,075
Equipment	206,011	231,961	46,340	47,604	252,351	279,565
Water and sewer distribution systems	-	-	466,068	538,991	466,068	538,991
	<u>\$ 650,077</u>	<u>\$ 674,880</u>	<u>\$ 515,591</u>	<u>\$ 589,778</u>	<u>\$ 1,165,668</u>	<u>\$ 1,264,658</u>

Additional information on the Village's capital assets can be found in note 5 on pages 20 and 21 of this report.

Budget

For the year ended April 30, 2012, the Village's actual expenditures for the general fund were less than the amounts budgeted. A comparison of budget to actual can be found on page 28 of this report.

VILLAGE OF DUNLAP, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
April 30, 2012

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ 124,139	\$ 403,194	\$ 527,333
Investments	739,442	1,393,028	2,132,470
Other receivable	977	69,712	70,689
Internal balances	21,931	(21,931)	-
Capital assets (net of accumulated depreciation)	<u>650,077</u>	<u>515,591</u>	<u>1,165,668</u>
Total assets	<u>\$ 1,536,566</u>	<u>\$ 2,359,594</u>	<u>\$ 3,896,160</u>
Net Assets			
Investment in capital assets	\$ 650,077	\$ 515,591	\$ 1,165,668
Unrestricted	<u>886,489</u>	<u>1,844,003</u>	<u>2,730,492</u>
Total net assets	<u>1,536,566</u>	<u>2,359,594</u>	<u>3,896,160</u>
Total liabilities and net assets	<u>\$ 1,536,566</u>	<u>\$ 2,359,594</u>	<u>\$ 3,896,160</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2012

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Governmental	Business-type	Total
			Activities	Activities	
Governmental activities:					
General government	\$ 231,071	\$ 2,450	\$ (228,621)	\$ -	\$ (228,621)
Public safety	17,914	-	(17,914)	-	(17,914)
Public works and transportation	281,267	-	(281,267)	-	(281,267)
Total governmental activities	<u>530,252</u>	<u>2,450</u>	<u>(527,802)</u>	<u>-</u>	<u>(527,802)</u>
Business-type activities:					
Waterworks Fund	194,176	203,582	-	9,406	9,406
Sewerage Fund	103,050	172,082	-	69,032	69,032
Total business-type activities	<u>297,226</u>	<u>375,664</u>	<u>-</u>	<u>78,438</u>	<u>78,438</u>
Total	\$ <u>827,478</u>	\$ <u>378,114</u>	<u>(527,802)</u>	<u>78,438</u>	<u>(449,364)</u>
General revenues:					
Local taxes and revenue			93,149	-	93,149
State income taxes			97,384	-	97,384
Sales tax			102,676	-	102,676
Use tax			20,296	-	20,296
Personal property tax			1,406	-	1,406
Motor fuel tax			39,736	-	39,736
Miscellaneous			88	50	138
Investment earnings			10,244	16,838	27,082
Total general revenues			<u>364,979</u>	<u>16,888</u>	<u>381,867</u>
Change in net assets			<u>(162,823)</u>	<u>95,326</u>	<u>(67,497)</u>
Net assets - beginning			<u>1,699,389</u>	<u>2,264,268</u>	<u>3,963,657</u>
Net assets - ending			<u>\$ 1,536,566</u>	<u>\$ 2,359,594</u>	<u>\$ 3,896,160</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS
GOVERNMENTAL FUNDS
BALANCE SHEET - MODIFIED CASH BASIS
April 30, 2012

	General	Special Revenue Motor Fuel Tax	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 124,139	\$ -	\$ 124,139
Investments	502,579	236,863	739,442
Receivable	977	-	977
Due from other funds	21,931	-	21,931
Total assets	<u>\$ 649,626</u>	<u>\$ 236,863</u>	<u>\$ 886,489</u>
Fund balances:			
Restricted	\$ -	\$ 236,863	\$ 236,863
Unassigned	649,626	-	649,626
Total fund balance	<u>649,626</u>	<u>236,863</u>	<u>886,489</u>
Total fund balance	<u>\$ 649,626</u>	<u>\$ 236,863</u>	

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.

650,077

Net assets of governmental activities

\$ 1,536,566

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2012

	General	Special Revenue Motor Fuel Tax	Total Governmental Funds
Revenues			
Local taxes	\$ 75,181	\$ -	\$ 75,181
State income taxes	97,384	-	97,384
Sales tax	102,676	-	102,676
Use tax	20,296	-	20,296
Personal property tax	1,406	-	1,406
Motor fuel tax	-	39,736	39,736
Licenses and permits	2,450	-	2,450
Franchise fees	17,968	-	17,968
Interest	8,555	1,689	10,244
Miscellaneous	88	-	88
Total revenues	<u>326,004</u>	<u>41,425</u>	<u>367,429</u>
Expenditures			
Current			
General government	218,241	-	218,241
Public safety	17,914	-	17,914
Public works and transportation	114,033	121,217	235,250
Capital outlay	34,044	-	34,044
Total expenditures	<u>384,232</u>	<u>121,217</u>	<u>505,449</u>
Deficiency of revenues over expenditures	(58,228)	(79,792)	(138,020)
Net change in fund balance	(58,228)	(79,792)	(138,020)
Prior year fund balance	<u>707,854</u>	<u>316,655</u>	<u>1,024,509</u>
Current year ending fund balance	<u>\$ 649,626</u>	<u>\$ 236,863</u>	<u>\$ 886,489</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2012

Net change in fund balance of Governmental Funds \$ (138,020)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period net of trade-ins.

(24,803)

Change in net assets of governmental activities \$ (162,823)

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS
PROPRIETARY FUNDS
BALANCE SHEET - MODIFIED CASH BASIS
April 30, 2012

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
Assets			
Current assets			
Cash and cash equivalents	\$ 163,339	\$ 239,855	\$ 403,194
Investments	345,651	1,047,377	1,393,028
Other receivable	11,619	-	11,619
Total current assets	<u>520,609</u>	<u>1,287,232</u>	<u>1,807,841</u>
Other receivable, net of current portion	<u>58,093</u>	<u>-</u>	<u>58,093</u>
Capital assets			
Cost	542,957	1,003,559	1,546,516
Accumulated depreciation	<u>(399,072)</u>	<u>(631,853)</u>	<u>(1,030,925)</u>
	<u>143,885</u>	<u>371,706</u>	<u>515,591</u>
Total assets	<u>\$ 722,587</u>	<u>\$ 1,658,938</u>	<u>\$ 2,381,525</u>
Liabilities and Net Assets			
Current liabilities			
Due to other funds	\$ 14,827	\$ 7,104	\$ 21,931
Total current liabilities	<u>14,827</u>	<u>7,104</u>	<u>21,931</u>
Net Assets			
Investment in capital assets	143,885	371,706	515,591
Unrestricted	<u>563,875</u>	<u>1,280,128</u>	<u>1,844,003</u>
Total net assets	<u>707,760</u>	<u>1,651,834</u>	<u>2,359,594</u>
Total liabilities and net assets	<u>\$ 722,587</u>	<u>\$ 1,658,938</u>	<u>\$ 2,381,525</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2012

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
Operating revenues			
Charges for services	\$ 203,582	\$ 172,082	\$ 375,664
Miscellaneous	50	-	50
Total operating revenues	<u>203,632</u>	<u>172,082</u>	<u>375,714</u>
Operating expenses			
Personal services	21,987	13,226	35,213
Employee benefits	2,039	995	3,034
Contractual services	155,023	10,725	165,748
Commodities	3,398	1,774	5,172
Other	656	56,413	57,069
Depreciation	11,073	19,917	30,990
Total operating expenses	<u>194,176</u>	<u>103,050</u>	<u>297,226</u>
Operating income	9,456	69,032	78,488
Nonoperating revenues			
Interest income	6,058	10,780	16,838
Total nonoperating revenues	<u>6,058</u>	<u>10,780</u>	<u>16,838</u>
Increase in net assets	15,514	79,812	95,326
Net assets at beginning of year	<u>692,246</u>	<u>1,572,022</u>	<u>2,264,268</u>
Net assets at end of year	<u>\$ 707,760</u>	<u>\$ 1,651,834</u>	<u>\$ 2,359,594</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
 FOR THE YEAR ENDED APRIL 30, 2012

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
Cash flows from operating activities			
Receipts from customers	\$ 203,632	\$ 172,082	\$ 375,714
Receipts from accounts receivable	11,619	-	11,619
Payments to suppliers	(159,077)	(19,249)	(178,326)
Payments to employees	(24,026)	(14,221)	(38,247)
Net cash provided by operating activities	<u>32,148</u>	<u>138,612</u>	<u>170,760</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(6,466)	(6,466)
Proceeds from (payments to) governmental funds	<u>1,695</u>	<u>(71,766)</u>	<u>(70,071)</u>
Net cash provided by capital and related financing activities	<u>1,695</u>	<u>(78,232)</u>	<u>(76,537)</u>
Cash flows from investing activities			
Purchase of investments	(5,828)	(110,299)	(116,127)
Interest received	<u>6,058</u>	<u>10,780</u>	<u>16,838</u>
Net cash (used for) investing activities	<u>230</u>	<u>(99,519)</u>	<u>(99,289)</u>
Net change in cash and cash equivalents	34,073	(39,139)	(5,066)
Cash and cash equivalents			
Beginning of year	<u>129,266</u>	<u>278,994</u>	<u>408,260</u>
End of year	<u>\$ 163,339</u>	<u>\$ 239,855</u>	<u>\$ 403,194</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2012

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
Cash flows from operating activities			
Operating income	\$ 9,456	\$ 69,032	\$ 78,488
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	11,073	19,917	30,990
Write off of engineering fees previously capitalized	-	49,663	49,663
Change in assets and liabilities			
Receivables	11,619	-	11,619
Total adjustment	<u>22,692</u>	<u>69,580</u>	<u>92,272</u>
Net cash provided by operating activities	<u>\$ 32,148</u>	<u>\$ 138,612</u>	<u>\$ 170,760</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 1. Summary of Significant Accounting Policies

The financial statements of the Village of Dunlap, Illinois (the "Village") have been prepared on the modified cash basis of accounting. Consequently, revenue is recognized when received rather than when susceptible to accrual or earned, and expenses are recognized when checks or cash are disbursed rather than when the obligation is incurred. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund.

Consequently, these financial statements omit recognition of taxes receivable, accounts payable and other accrued items. Generally accepted accounting principles require the accounting records to be maintained on the accrual basis which recognizes income when earned and expenses when incurred.

The more significant of the Village's accounting policies are described below.

A. Reporting Entity

In accordance with Governmental Accounting Standard Board (GASB) Statement No. 14, *The Financial Reporting Entity*, the accompanying financial statements present the Village's primary government and component units over which the Village exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Village (as distinct from legal relationship).

Statement No. 14 defines the governmental financial reporting entity as being made up of two parts, the primary government and those component units for which the primary government is financially accountable. A primary government has an elected governing board; a legally separate status (i.e., must have its own name, must be able to sue or be sued and must be able to buy, sell or lease property); and is fiscally independent (i.e., must have final authority to approve or modify its budget, set its own tax rates and issue bonded debt). The primary government is financially accountable if it appoints a voting majority of a component unit's governing body and if it either has the ability to impose its will on the component unit or the financial benefit or burden consideration exists; i.e., there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

The following entities operate within the Village's boundaries; however, they are financially independent and have separately elected or appointed Boards of Trustees of which the Village exercises no oversight responsibility in management of financial matters.

Dunlap Fire Protection District
Dunlap Public Library District
Prospect Cemetery Association

Therefore, the above entities are not considered component units for which the primary government (the Village) is financially accountable. The Village has no component units (by definition) to be reported under its governmental financial reporting entity.

B. Government-wide and Fund Financial Statements

Government-wide financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Village. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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

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

Fund financial statements: Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are presented in separate columns.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the cash basis of accounting, as are the governmental and proprietary fund statements. Consequently, revenue and related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

The Village reports the following government funds:

The *General Fund* is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Special Revenue Funds* are utilized to account for revenues derived from specific sources (other than special assessments, expendable trusts or major capital projects) which are usually required by law or regulation to be accounted for in separate funds.

The Village reports the following proprietary fund type:

The *Enterprise Funds*, which consist of the Waterworks Fund and the Sewerage Fund, are used to account for the operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

In accordance with GASB Statement No. 20, the Village has elected to apply to its Enterprise Fund activity all FASB statements and interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions.

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on all capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets and Budgetary Accounting

Budgets for the governmental funds and proprietary funds are prepared on the cash basis and adopted through the annual appropriation ordinance. Expenditures are controlled at the fund level. All appropriations lapse at year-end. The Appropriation Ordinance for the fiscal year ended April 30, 2012, was adopted on July 25, 2011. The Appropriation Ordinance was not amended. The Motor Fuel Tax Fund did not operate under an approved budget during the fiscal year.

The Village follows these procedures in adopting the appropriations ordinance reflected in the financial statements:

1. The Village Treasurer and Village Clerk submit to the Village Board a proposed appropriation ordinance for the fiscal year commencing the following May 1. The appropriation ordinance includes proposed expenditures and the means of financing them and must be adopted prior to July 31 of each year.
2. The tentative appropriation ordinance is made available for public inspection for at least thirty days prior to final action thereon.
3. A notice is published in a newspaper serving the Village stating the time and place the tentative appropriation ordinance can be inspected and also the time and place of the public hearing.
4. Public hearings are conducted to obtain taxpayer comments.
5. The tentative appropriation ordinance is then legally enacted through passage of the ordinance.
6. The Village Board is authorized to transfer between line items within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Board after a public hearing.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 1. Summary of Significant Accounting Policies (Continued)

F. Investments

Investments are stated at cost, which approximates market.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of \$1,000 or more for all capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings and wells	15 - 40
Pumps and equipment	5 - 10

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowing used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

I. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expense initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expense in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers.

J. Subsequent Events

The Village has evaluated subsequent events and transactions for potential recognition or disclosure through September 4, 2012, which is the date the financial statements were available to be issued. No items requiring disclosures were present.

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 2. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Equity and the Government-wide Statement of Activities

The government funds statement of revenues, expenditures and changes in fund equity includes a reconciliation between net changes in fund equity – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over estimated useful lives and reported as depreciation expense.”

The details of this \$24,803 difference are as follows:

Capital outlay net of trade-in	\$	34,044
Depreciation expense		(58,847)
		(24,803)
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$	(24,803)

Note 3. Deposits and Investments

The Village maintains cash and investment accounts for each fund. Investment balances represent certificates of deposit with financial institutions and deposits in Illinois Funds. The Village is authorized by state statute and its own local ordinances to invest in obligations of the United States Treasury, agencies, instrumentalities, savings accounts and certificates of deposit. The following details the Village's cash and investments as of April 30, 2012:

Illinois Funds	\$	29,468
Demand Deposits, Certificates of Deposit, and Money Market Funds		2,630,335
		2,659,803
Total cash and investments	\$	2,659,803

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the Village's investment in the funds is the same as the value of the pool shares. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The Village's investments in the Illinois Funds are not required to be categorized because these are not securities. The relationship between the Village and the investment agent is a direct contractual relationship, and the investments are not supported by a transferable instrument that evidences ownership or creditorship.

A. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of April 30, 2012, none of the Village's bank deposits were uninsured or uncollateralized. The Village has no assets exposed to custodial credit risk.

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 3. Deposits and Investments (continued)

B. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer.

Note 4. Other Receivable

On October 22, 1979, the Village entered into an agreement with Peoria Water Company NKA Illinois-American Water Company. This contract allowed the Village to purchase water from Peoria Water Company on behalf of the Village's customers. As a condition to this water purchase contract, the Village was required to pay a connection fee to Peoria Water Company. Upon the completion of the connecting line and within one year of the Farmers Home Administration loan closing, Peoria Water Company agreed to repay to the Village of Dunlap "in cash and without interest, the full amount of the final and actual connection fee, in thirty-nine equal annual installments."

On November 10, 1982, this water purchase contract was amended to read "said final connection fee of Four Hundred Forty-one Thousand Five Hundred Eight and 13/100 Dollars (\$441,508.13) is to be repaid by Seller To Purchaser without interest in Thirty-eight (38) equal annual installments of Eleven Thousand Six Hundred Eighteen and 64/100 Dollars (\$11,618.64) beginning April 1, 1981."

As of April 30, 2012, six payments remain to be paid to the Village. These payments total \$69,712.

Note 5. Capital Assets

Capital asset activity for the year ended April 30, 2012, was as follows:

A. Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 125,640	\$ -	\$ -	\$ 125,640
Capital assets, being depreciated				
Buildings and improvements	377,464	-	-	377,464
Northpark	113,132	20,560	-	133,692
Capital equipment	442,463	13,484	-	455,947
Total capital assets being depreciated	933,059	34,044	-	967,103
Less accumulated depreciation for				
Buildings and improvements	135,260	11,071	-	146,331
Northpark	38,057	8,342	-	46,399
Capital equipment	210,502	39,434	-	249,936
Total accumulated depreciation	383,819	58,847	-	442,666
Total capital assets being depreciated, net	549,240	(24,803)	-	524,437
Governmental activities capital assets, net	\$ 674,880	\$ (24,803)	\$ -	\$ 650,077

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 5. Capital Assets (Continued)

B. Business-type Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 3,183	\$ -	\$ -	\$ 3,183
<hr/>				
Capital assets, being depreciated				
Distribution System	1,453,627	1,775	(49,663)	1,405,739
Capital equipment	132,903	4,691	-	137,594
Total capital assets being depreciated	1,586,530	6,466	(49,663)	1,543,333
<hr/>				
Less accumulated depreciation for				
Distribution System	914,636	25,035	-	939,671
Capital equipment	85,299	5,955	-	91,254
Total accumulated depreciation	999,935	30,990	-	1,030,925
<hr/>				
Total capital assets being depreciated, net	586,595	(24,524)	(49,663)	512,408
<hr/>				
Business-type activities capital assets, net	\$ 589,778	\$ (24,524)	\$ (49,663)	\$ 515,591

During the year ended April 30, 2012, the Village abandoned the plans for a lagoon project with the Greater Peoria Sanitation District, therefore \$49,663 of the engineering fees previously capitalized were written off.

C. Depreciation Expense

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

Governmental activities:

General government	\$ 12,830
Public works and transportation	46,017
Total depreciation expense - governmental activities	\$ 58,847

Business-type activities:

Waterworks Fund	\$ 11,073
Sewerage Fund	19,917
Total depreciation expense - business-type activities	\$ 30,990

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 6. Property Taxes

The Village's property taxes are levied each calendar year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on property as of January 1 of the levy year. The total amount of the levy was \$62,866. The levy was adopted on December 14, 2011. The Village reports on the modified cash basis of accounting; therefore, there has been no tax receivable calculation recognized on these financial statements. Installment due dates for collection of property taxes are June 1, 2012, and September 1, 2012. The Village receives the bulk of its property taxes from Peoria County during the months of June, July and September.

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

	Maximum Percent 2011 Levy	Rate per \$100	Extension
General corporate	0.3300	0.0865	\$ 27,439
Police protection	0.0750	0.0344	10,902
Audit	As needed	0.0140	4,451
IMRF	As needed	0.0252	8,002
Social security	As needed	0.0155	4,902
Workmen's compensation	As needed	0.0221	7,002
Unemployment insurance	As needed	0.0006	181
Totals		0.1982	\$ 62,879

Note 7. Retirement Commitments

Plan description -The Village of Dunlap'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 Village's 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, the Village's 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 13.28 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 required contribution for calendar year 2011 was \$14,349.

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 7. Retirement Commitments (Continued)

Three-year trend information for the Regular Plan is as follows:

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/11	\$ 14,349	100%	\$ -
12/31/10	13,165	99%	-
12/31/09	12,294	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 percent 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 the Village's 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 Village Regular plan's unfunded actuarial accrued liability at December 31, 2009 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, 2011, the most recent actuarial valuation date, the Regular Plan was 62.75 percent funded. The actuarial accrued liability for benefits was \$313,781 and the actuarial value of assets was \$196,886, resulting in an underfunded actuarial accrued liability (UAAL) of \$116,895. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$108,050 and the ratio of the UAAL to the covered payroll was 108 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.

Note 8. Interfund Receivable and Payable Balances

Interfund receivable and payable balances as of April 30, 2012, are detailed in the following table:

	<u>Due From</u>	<u>Due To</u>
General:		
Due from Waterworks Fund	\$ 14,827	\$ -
Due from Sewerage Fund	7,104	-
Proprietary:		
Waterworks due to General Fund	-	14,827
Sewerage due to General Fund	-	7,104
	<u>\$ 21,931</u>	<u>\$ 21,931</u>

The primary purpose of these interfund receivables and payables is for cash flow needs.

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 9. Restricted Balances – Special Tax Levies

The Village Board levies, on an annual basis, for special taxes. These specific levies are collected and deposited into the General Fund even though they are restricted for specific purposes. The following monies were collected and lawfully disbursed during the fiscal year.

Restricted balances are as follows:

	Restricted Fund Balance May 1, 2011		Receipts		Disbursements		Restricted Fund Balance April 30, 2012	
Special Tax Levies:								
Police protection	\$	-	\$	7,992	\$	7,992	\$	-
Audit		-		4,445		4,445		-
IMRF		-		7,992		7,992		-
Social security		-		4,895		4,895		-
Worker's compensation and liability insurance		-		6,993		6,993		-
Unemployment insurance		-		181		181		-
Subtotal	\$	-	\$	32,498	\$	32,498	\$	-

Note 10. Intergovernmental Agreements

The Village contracts its police services with the County of Peoria. Under the agreement, the Village paid \$17,914 for police services.

The Village also contracts its animal impoundment service with the City of Peoria. No fee was paid for this service during the current fiscal year.

Note 11. Risk of Loss

The Village is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The Village purchases commercial insurance for these risks of loss. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 12. Deficit Fund Balance

As of April 30, 2012, no individual fund had a deficit fund balance.

VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012

Note 13. Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Fund balances of the Governmental Funds are classified as follows:

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the Village all such items are expensed at the time of purchase, so there is nothing to report for this classification. All other fund balances are spendable.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The Motor Fuel Tax Fund is the Village's only special revenue fund.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Village Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. The Village Board has not committed any Fund Balances by Board action.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Assignments may be made only by the governing board or official.

No amounts of Fund Balance have been assigned by the Village's administration to be used for a specific purpose.

E. Unassigned Fund Balance

This classification represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

The Village uses restricted amounts first when both restricted and unrestricted fund balances are available.

**VILLAGE OF DUNLAP, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2012**

Note 13. Fund Balance Reporting (continued)

As of April 30, 2012, the Village's governmental fund balances were classified as follows:

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 649,626
Motor Fuel Tax	-	236,863	-	-	-
Total	\$ -	\$ 236,863	\$ -	\$ -	\$ 649,626

Note 14. Legal Debt Margin

Total 2011 assessed valuation	<u>\$ 31,728,337</u>
Statutory debt limitation (8.625%)	\$ 2,736,569
Outstanding long-term debt	<u>-</u>
Legal debt margin	<u>\$ 2,736,569</u>

VILLAGE OF DUNLAP, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED APRIL 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 196,886	\$ 313,781	\$ 116,895	62.75%	\$ 108,050	108.19%
12/31/10	174,445	266,404	91,959	65.48%	101,975	90.18%
12/31/09	149,106	250,609	101,503	59.50%	105,803	95.94%

On a market value basis, the actuarial value of assets as of December 31, 2011, is \$190,345. On a market basis, the funded ratio would be 60.66%

VILLAGE OF DUNLAP, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
ACTUAL AND BUDGET
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2012

	<u>Actual</u>	<u>Original/Final Budget</u>	<u>Over (Under) Budget</u>
Revenues			
Local taxes	\$ 75,181	\$ 76,000	\$ (819)
State income taxes	97,384	110,880	(13,496)
Sales tax	102,676	100,000	2,676
Use tax	20,296	16,979	3,317
Personal property tax	1,406	1,300	106
Licenses and permits	2,450	2,400	50
Franchise fees	17,968	18,500	(532)
Interest	8,555	18,000	(9,445)
Miscellaneous	88	500	(412)
Total revenues	<u>326,004</u>	<u>344,559</u>	<u>(18,555)</u>
Expenditures			
General government			
Personal services	29,093	32,950	(3,857)
Employee benefits	11,193	12,500	(1,307)
Contractual services	167,251	177,050	(9,799)
Commodities	3,720	2,500	1,220
Other	6,984	9,900	(2,916)
Total general government	<u>218,241</u>	<u>234,900</u>	<u>(16,659)</u>
Capital outlay	34,044	60,000	(25,956)
Provision for contingencies	-	5,000	(5,000)
Public safety			
Personal services	17,914	20,000	(2,086)
Total public safety	<u>17,914</u>	<u>20,000</u>	<u>(2,086)</u>
Public works and transportation			
Personal services	89,119	97,500	(8,381)
Contractual services	-	60,000	(60,000)
Commodities	24,914	30,000	(5,086)
Total public works and transportation	<u>114,033</u>	<u>187,500</u>	<u>(73,467)</u>
Total expenditures	<u>384,232</u>	<u>507,400</u>	<u>(123,168)</u>
Net change in fund balance	(58,228)	<u>\$ (162,841)</u>	<u>\$ 104,613</u>
Prior year fund balance	<u>707,854</u>		
Current year ending fund balance	<u>\$ 649,626</u>		

** The Village prepares the financial statements on the modified cash basis which is the same basis used for budgetary purposes.

VILLAGE OF DUNLAP, ILLINOIS
Schedule of Taxes
April 30, 2012

	2008 Levy	2009 Levy	2010 Levy	2011 Levy
Total assessed valuation	\$ 31,212,472	\$ 32,193,394	\$ 32,365,376	\$ 31,728,337
Tax levy:				
General corporate	\$ 21,936	\$ 24,586	\$ 27,436	\$ 27,436
Police protection	8,000	8,000	8,000	10,900
Audit	4,450	4,450	4,450	4,450
IMRF	8,000	8,000	8,000	8,000
Social Security	4,900	4,900	4,900	4,900
Workmen's compensation	7,000	7,000	7,000	7,000
Unemployment insurance	180	180	180	180
Total tax levy	\$ 54,466	\$ 57,116	\$ 59,966	\$ 62,866
Tax rates:				
General corporate	.0703	.0764	.0848	.0865
Police protection	.0256	.0249	.0247	.0344
Audit	.0143	.0138	.0138	.0140
IMRF	.0256	.0249	.0247	.0252
Social Security	.0157	.0152	.0151	.0155
Workmen's compensation	.0224	.0218	.0216	.0221
Unemployment insurance	.0006	.0006	.0006	.0006
Total tax rates	.1745	.1774	.1853	.1982
Taxes extended:				
General corporate	\$ 19,344	\$ 24,586	\$ 27,436	\$ 27,439
Police protection	8,001	8,000	8,001	10,902
Audit	4,452	4,452	4,450	4,451
IMRF	8,001	8,000	8,001	8,002
Social Security	4,902	4,903	4,900	4,902
Workmen's compensation	7,003	7,002	7,001	7,002
Unemployment insurance	183	180	181	181
Total taxes extended	\$ 51,886	\$ 57,123	\$ 59,970	\$ 62,879
Net taxes collected	\$ 54,241	\$ 56,863	\$ 59,907	\$ -
Road and bridge tax	17,951	16,397	15,274	-
Total taxes collected	\$ 72,192	\$ 73,260	\$ 75,181	\$ -