

**VILLAGE OF DUNLAP, ILLINOIS**

**Annual Financial Report  
And Supplementary Data  
For The Year Ended April 30, 2015  
(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

### **Report on the Financial Statements**

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, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic 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 includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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**

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 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, we express no such opinion. An audit also includes evaluating the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the Village of Dunlap, Illinois, as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We 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. Our opinion is not modified with respect to this matter.

## **Other Matters**

Management's Discussion and Analysis on pages 3 - 6, and the other information on pages 28 - 30 are presented to supplement the basic financial statements. We have applied certain limited procedures to the other 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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  
November 6, 2015

**Village of Dunlap  
Management's Discussion and Analysis  
For the Year Ended April 30, 2015**

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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, 2015. Please read it in conjunction with the Village's financial statements, which begin on page 7.

**Financial Highlights**

The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$4,247,433 (net position). Of this amount, \$2,563,887 (unrestricted net position) 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 position increased by \$180,193 during the fiscal year ended April 30, 2015.

At the close of the current fiscal year, the Village's governmental activities reported combined ending net position of \$1,658,489 of which \$765,125 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 position presents information on all the Village's assets and liabilities on a modified cash basis, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position 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 7 and 8 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, 2015**

**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 9 - 11.

**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 12 - 15.

**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 16 - 27.

**Governmental-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the Village, assets exceed liabilities by \$4,247,433 as of April 30, 2015.

A significant portion of the Village's net position (40%) 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 Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 1,052,977	\$ 972,616	\$ 1,510,910	\$ 1,842,928	\$ 2,563,887	\$ 2,815,544
Capital assets	605,512	603,229	1,078,034	648,467	1,683,546	1,251,696
Total assets	<u>1,658,489</u>	<u>1,575,845</u>	<u>2,588,944</u>	<u>2,491,395</u>	<u>4,247,433</u>	<u>4,067,240</u>
Liabilities	-	-	-	-	-	-
Net Position:						
Net invested in capital assets	605,512	603,229	1,078,034	648,467	1,683,546	1,251,696
Unrestricted	765,125	972,616	1,510,910	1,842,928	2,276,035	2,815,544
Total net position	<u>\$ 1,370,637</u>	<u>\$ 1,575,845</u>	<u>\$ 2,588,944</u>	<u>\$ 2,491,395</u>	<u>\$ 3,959,581</u>	<u>\$ 4,067,240</u>

As of April 30, 2015 and 2014, the Village had positive balances in all categories of net position.

**Village of Dunlap  
Management's Discussion and Analysis  
For the Year Ended April 30, 2015**

**Analysis of the Village's Operations** - Overall the Village had an increase in net position of \$180,193 and a decrease in cash and investments of \$251,627.

**Governmental Activities:** Governmental activities net position increased by \$82,644. Total revenues for governmental activities decreased from the previous year by \$11,744 primarily as a result of FEMA flood relief funds and sale of a truck in the previous year.

**Business-type Activities:** Net position from business-type activities increased by \$97,549. Water and sewer revenue increased \$31,820 from the previous year.

**Village of Dunlap's Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 2,400	\$ 1,800	\$ 435,894	\$ 402,665	\$ 438,294	\$ 404,465
Operating grants and contributions	41,747	39,783	-	-	41,747	39,783
General revenues:						
Ad valorem taxes	83,006	80,554	-	-	83,006	80,554
Franchise fees	16,951	17,895	-	-	16,951	17,895
State income taxes	134,588	134,020	-	-	134,588	134,020
Sales tax	101,970	100,269	-	-	101,970	100,269
Use tax	26,690	23,660	-	-	26,690	23,660
Personal property tax	1,557	1,596	-	-	1,557	1,596
Interest	8,198	4,493	7,207	8,466	15,405	12,959
Miscellaneous	14,985	39,766	-	150	14,985	39,916
Total revenues	<u>432,092</u>	<u>443,836</u>	<u>443,101</u>	<u>411,281</u>	<u>875,193</u>	<u>855,117</u>
Expenses:						
General government and administration	184,318	249,018	-	-	184,318	249,018
Public safety	18,452	17,914	-	-	18,452	17,914
Public works and transportation	146,678	134,535	-	-	146,678	134,535
Water and sewer	-	-	345,552	369,206	345,552	369,206
Total expenses	<u>349,448</u>	<u>401,467</u>	<u>345,552</u>	<u>369,206</u>	<u>695,000</u>	<u>770,673</u>
Increase (decrease) in net position	82,644	42,369	97,549	42,075	180,193	84,444
Net position - beginning of year	<u>1,575,845</u>	<u>1,533,476</u>	<u>2,491,395</u>	<u>2,449,320</u>	<u>4,067,240</u>	<u>3,982,796</u>
Net position - end of year	<u>\$ 1,658,489</u>	<u>\$ 1,575,845</u>	<u>\$ 2,588,944</u>	<u>\$ 2,491,395</u>	<u>\$ 4,247,433</u>	<u>\$ 4,067,240</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 \$1,052,977.

**Village of Dunlap  
Management's Discussion and Analysis  
For the Year Ended April 30, 2015**

**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. Total net position of the respective proprietary funds are Water \$829,017 and Sewer \$1,759,927. Total changes in net position in 2015 is as follows: Water increased by \$131,351 and Sewer decreased by \$33,802.

**Capital Assets**

The Village of Dunlap's investment in capital assets for its governmental and business-type activities as of April 30, 2015, amounts to \$1,683,546 (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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 125,640	\$ 125,640	\$ 3,183	\$ 3,183	\$ 128,823	\$ 128,823
Construction in progress	-	-	252,727	135,596	252,727	135,596
Buildings and improvements	202,051	213,256	-	-	202,051	213,256
Northpark	66,884	76,316	-	-	66,884	76,316
Equipment	210,937	188,017	82,479	73,748	293,416	261,765
Water and sewer distribution systems	-	-	739,645	435,940	739,645	435,940
	<u>\$ 605,512</u>	<u>\$ 603,229</u>	<u>\$ 1,078,034</u>	<u>\$ 648,467</u>	<u>\$ 1,683,546</u>	<u>\$ 1,251,696</u>

Additional information on the Village's capital assets can be found in note 5 on pages 21 and 22 of this report.

**Budget**

For the year ended April 30, 2015, 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 29 of this report.

VILLAGE OF DUNLAP, ILLINOIS  
GOVERNMENT-WIDE - STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
April 30, 2015

	Governmental Activities	Business-type Activities	Totals
<b>Assets</b>			
Cash and cash equivalents	\$ 191,847	\$ 426,675	\$ 618,522
Investments	800,628	1,097,315	1,897,943
Other receivable	947	46,475	47,422
Internal balances	59,555	(59,555)	-
Capital assets (net of accumulated depreciation)	605,512	1,078,034	1,683,546
<b>Total assets</b>	<b>\$ 1,658,489</b>	<b>\$ 2,588,944</b>	<b>\$ 4,247,433</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 605,512	\$ 1,078,034	\$ 1,683,546
Restricted	287,852	-	287,852
Unrestricted	765,125	1,510,910	2,276,035
<b>Total net position</b>	<b>1,658,489</b>	<b>2,588,944</b>	<b>4,247,433</b>
<b>Total liabilities and net position</b>	<b>\$ 1,658,489</b>	<b>\$ 2,588,944</b>	<b>\$ 4,247,433</b>

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

VILLAGE OF DUNLAP, ILLINOIS  
 GOVERNMENT-WIDE - STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED APRIL 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating	Charges for	Governmental Activities	Business-type Activities	Total
		Grants and Contributions	Services			
<b>Functions/Programs</b>						
Governmental activities:						
General government	\$ 184,318	\$ -	\$ 2,400	\$ (181,918)	\$ -	\$ (181,918)
Public safety	18,452	-	-	(18,452)	-	(18,452)
Public works and transportation	146,678	41,747	-	(104,931)	-	(104,931)
Total governmental activities	349,448	41,747	2,400	(305,301)	-	(305,301)
Business-type activities:						
Waterworks Fund	247,795	-	247,375	-	(420)	(420)
Sewerage Fund	97,757	-	188,519	-	90,762	90,762
Total business-type activities	345,552	-	435,894	-	90,342	90,342
<b>Total</b>	<b>\$ 695,000</b>	<b>\$ 41,747</b>	<b>\$ 438,294</b>	<b>(305,301)</b>	<b>90,342</b>	<b>(214,959)</b>
General revenues:						
Local taxes and revenue				99,957	-	99,957
State income taxes				134,588	-	134,588
Sales tax				101,970	-	101,970
Use tax				26,690	-	26,690
Personal property tax				1,557	-	1,557
Miscellaneous				14,985	-	14,985
Investment earnings				8,198	7,207	15,405
Total general revenues				387,945	7,207	395,152
Change in net position				82,644	97,549	180,193
Net position - beginning				1,575,845	2,491,395	4,067,240
Net position - ending				\$ 1,658,489	\$ 2,588,944	\$ 4,247,433

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

VILLAGE OF DUNLAP, ILLINOIS  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET - MODIFIED CASH BASIS  
 April 30, 2015

	General	Special Revenue	Total
		Motor Fuel Tax	Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 191,847	\$ -	\$ 191,847
Investments	512,776	287,852	800,628
Receivable	947	-	947
Due from other funds	59,555	-	59,555
<b>Total assets</b>	<u>\$ 765,125</u>	<u>\$ 287,852</u>	<u>\$ 1,052,977</u>
<b>Fund balances:</b>			
Restricted	\$ -	\$ 287,852	\$ 287,852
Unassigned	765,125	-	765,125
<b>Total fund balance</b>	<u>765,125</u>	<u>287,852</u>	<u>1,052,977</u>
<b>Total fund balance</b>	<u>\$ 765,125</u>	<u>\$ 287,852</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

605,512

Net position of governmental activities

\$ 1,658,489

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, 2015**

	Special Revenue		Total Governmental Funds
	General	Motor Fuel Tax	
<b>Revenues</b>			
Local taxes	\$ 83,006	\$ -	\$ 83,006
State income taxes	134,588	-	134,588
Sales tax	101,970	-	101,970
Use tax	26,690	-	26,690
Personal property tax	1,557	-	1,557
Motor fuel tax	-	41,747	41,747
Licenses and permits	2,400	-	2,400
Franchise fees	16,951	-	16,951
Interest	4,793	3,405	8,198
Miscellaneous	14,985	-	14,985
<b>Total revenues</b>	<u>386,940</u>	<u>45,152</u>	<u>432,092</u>
<b>Expenditures</b>			
Current			
General government	171,596	-	171,596
Public safety	18,452	-	18,452
Public works and transportation	93,698	-	93,698
Capital outlay	67,985	-	67,985
<b>Total expenditures</b>	<u>351,731</u>	<u>-</u>	<u>351,731</u>
Excess of revenues over expenditures	35,209	45,152	80,361
Net change in fund balance	35,209	45,152	80,361
Prior year fund balance	<u>729,916</u>	<u>242,700</u>	<u>972,616</u>
Current year ending fund balance	<u>\$ 765,125</u>	<u>\$ 287,852</u>	<u>\$ 1,052,977</u>

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

VILLAGE OF DUNLAP, ILLINOIS  
GOVERNMENTAL FUNDS  
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, 2015

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Net change in fund balance of Governmental Funds	\$ 80,361
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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 capital outlays exceeded depreciation in the current period net of trade-ins.

2,283

Change in net position of governmental activities	<u>\$ 82,644</u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 April 30, 2015

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 66,069	\$ 360,606	\$ 426,675
Investments	336,796	760,519	1,097,315
Other receivable	11,619	-	11,619
Total current assets	<u>414,484</u>	<u>1,121,125</u>	<u>1,535,609</u>
Other receivable, net of current portion	<u>34,856</u>	<u>-</u>	<u>34,856</u>
<b>Capital assets</b>			
Cost	849,559	1,365,306	2,214,865
Accumulated depreciation	(436,456)	(700,375)	(1,136,831)
	<u>413,103</u>	<u>664,931</u>	<u>1,078,034</u>
Total assets	<u>\$ 862,443</u>	<u>\$ 1,786,056</u>	<u>\$ 2,648,499</u>
<b>Liabilities and Net Position</b>			
<b>Current liabilities</b>			
Due to other funds	\$ 33,426	\$ 26,129	\$ 59,555
Total current liabilities	<u>33,426</u>	<u>26,129</u>	<u>59,555</u>
<b>Net Position</b>			
Investment in capital assets	413,103	664,931	1,078,034
Unrestricted	415,914	1,094,996	1,510,910
Total net position	<u>829,017</u>	<u>1,759,927</u>	<u>2,588,944</u>
Total liabilities and net position	<u>\$ 862,443</u>	<u>\$ 1,786,056</u>	<u>\$ 2,648,499</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 POSITION - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED APRIL 30, 2015

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
Operating revenues			
Charges for services	\$ 247,375	\$ 188,519	\$ 435,894
Total operating revenues	<u>247,375</u>	<u>188,519</u>	<u>435,894</u>
Operating expenses			
Personal services	35,633	42,434	78,067
Employee benefits	3,565	4,855	8,420
Contractual services	184,541	21,043	205,584
Commodities	11,057	774	11,831
Other	(173)	2,856	2,683
Depreciation	13,172	25,795	38,967
Total operating expenses	<u>247,795</u>	<u>97,757</u>	<u>345,552</u>
Operating income	(420)	90,762	90,342
Nonoperating revenues			
Interest income	1,771	5,436	7,207
Total nonoperating revenues	<u>1,771</u>	<u>5,436</u>	<u>7,207</u>
Net income before operating transfers	1,351	96,198	97,549
Other financing sources (uses)			
Transfers in	130,000	-	130,000
Transfers out	-	(130,000)	(130,000)
Net other financing sources (uses)	<u>130,000</u>	<u>(130,000)</u>	<u>-</u>
Increase (decrease) in net position	131,351	(33,802)	97,549
Net position at beginning of year	<u>697,666</u>	<u>1,793,729</u>	<u>2,491,395</u>
Net position at end of year	<u>\$ 829,017</u>	<u>\$ 1,759,927</u>	<u>\$ 2,588,944</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, 2015

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
Cash flows from operating activities			
Receipts from customers	\$ 247,375	\$ 188,519	\$ 435,894
Payments to suppliers	(195,425)	(24,673)	(220,098)
Payments to employees	(39,198)	(47,289)	(86,487)
Net cash provided by operating activities	<u>12,752</u>	<u>116,557</u>	<u>129,309</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(236,739)	(231,795)	(468,534)
Proceeds from (payments to) governmental funds	<u>131,003</u>	<u>(118,489)</u>	<u>12,514</u>
Net cash used by capital and related financing activities	<u>(105,736)</u>	<u>(350,284)</u>	<u>(456,020)</u>
Cash flows from investing activities			
Proceeds from sale investments	-	96,578	96,578
Purchase of investments	(1,668)	-	(1,668)
Interest received	<u>1,771</u>	<u>5,436</u>	<u>7,207</u>
Net cash provided by investing activities	<u>103</u>	<u>102,014</u>	<u>102,117</u>
Net change in cash and cash equivalents	(92,881)	(131,713)	(224,594)
Cash and cash equivalents			
Beginning of year	<u>158,950</u>	<u>492,319</u>	<u>651,269</u>
End of year	<u>\$ 66,069</u>	<u>\$ 360,606</u>	<u>\$ 426,675</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, 2015**

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
Cash flows from operating activities			
Operating income (loss)	\$ (420)	\$ 90,762	\$ 90,342
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	13,172	25,795	38,967
Total adjustment	13,172	25,795	38,967
Net cash provided by operating activities	<u>\$ 12,752</u>	<u>\$ 116,557</u>	<u>\$ 129,309</u>

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

VILLAGE OF DUNLAP, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2015

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**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 position 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, 2015

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**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, 2015

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**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, 2015, was adopted on July 9, 2014. 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, 2015

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**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 Position

Net position represents the difference between assets and liabilities. Net position 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 position is 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 November 6, 2015, 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, 2015

**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 position 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 \$2,283 difference are as follows:

Capital outlay net of trade-in	\$	67,985
Depreciation expense		(65,702)
		2,283
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$	2,283

**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, 2015:

Illinois Funds	\$	25,886
Demand Deposits, Certificates of Deposit, and Money Market Funds		2,490,579
Total cash and investments	\$	2,516,465

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, 2015, none of the Village's bank deposits were uninsured or uncollateralized.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2015**

**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, 2015, four payments remain to be paid to the Village. These payments total \$46,475.

**Note 5. Capital Assets**

Capital asset activity for the year ended April 30, 2015, 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	381,867	-	-	381,867
Northpark	141,492	-	-	141,492
Capital equipment	506,188	67,985	-	574,173
Total capital assets being depreciated	1,029,547	67,985	-	1,097,532
Less accumulated depreciation for				
Buildings and improvements	168,611	11,205	-	179,816
Northpark	65,176	9,432	-	74,608
Capital equipment	318,171	45,065	-	363,236
Total accumulated depreciation	551,958	65,702	-	617,660
Total capital assets being depreciated, net	477,589	2,283	-	479,872
Governmental activities capital assets, net	\$ 603,229	\$ 2,283	\$ -	\$ 605,512

VILLAGE OF DUNLAP, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2015

**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
Construction in progress	135,596	215,878	98,747	252,727
Total capital assets not being depreciated	138,779	215,878	98,747	255,910
Capital assets, being depreciated				
Distribution System	1,426,778	330,542	-	1,757,320
Capital equipment	180,774	20,861	-	201,635
Total capital assets being depreciated	1,607,552	351,403	-	1,958,955
Less accumulated depreciation for				
Distribution System	990,838	26,837	-	1,017,675
Capital equipment	107,026	12,130	-	119,156
Total accumulated depreciation	1,097,864	38,967	-	1,136,831
Total capital assets being depreciated, net	509,688	312,436	-	822,124
Business-type activities capital assets, net	\$ 648,467	\$ 528,314	\$ 98,747	\$ 1,078,034

C. Depreciation Expense

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

Governmental activities:

General government	\$ 12,722
Public works and transportation	52,980
Total depreciation expense - governmental activities	<u>\$ 65,702</u>

Business-type activities:

Waterworks Fund	\$ 13,172
Sewerage Fund	25,795
Total depreciation expense - business-type activities	<u>\$ 38,967</u>

D. Construction in Progress

Construction in progress represents cost incurred to date for a new water main. As of April 30, 2015 \$252,727 had been spent on the project. The project is expected to be completed during the subsequent fiscal year. Total costs for the project is estimated to be approximately \$650,000.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2015**

**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 \$82,802. The levy was adopted on December 16, 2014. 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, 2015, and September 1, 2015. 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 2014 Levy	Rate per \$100	Extension
General corporate	0.3300	0.10564	\$ 39,111
Police protection	0.0750	0.03485	12,900
Audit	As needed	0.01216	4,500
IMRF	As needed	0.02431	9,000
Social security	As needed	0.01594	5,900
Workmen's compensation	As needed	0.03026	11,200
Unemployment insurance	As needed	0.00049	180
Totals		0.22365	\$ 82,791

**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 (RSI). That report may be obtained on-line at [www.imrf.org](http://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 2014 was 14.10 percent. 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 2014 was \$16,050.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2015**

**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>
12/31/14	\$ 16,050	100%	\$ -
12/31/13	16,542	100%	-
12/31/12	15,189	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, 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) postretirement 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded status and funding progress – As of December 31, 2014, the most recent actuarial valuation date, the Regular Plan was 74.85 percent funded. The actuarial accrued liability for benefits was \$416,162 and the actuarial value of assets was \$311,480, resulting in an underfunded actuarial accrued liability (UAAL) of \$104,682. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$113,830 and the ratio of the UAAL to the covered payroll was 92 percent.

The schedule of funding progress, presented as other information 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, 2015, are detailed in the following table:

	Due From	Due To
General:		
Due from Waterworks Fund	\$ 44,010	\$ -
Due from Sewerage Fund	15,545	-
Proprietary:		
Waterworks due to General Fund	-	44,010
Sewerage due to General Fund	-	15,545
	\$ 59,555	\$ 59,555

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, 2015**

**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	Receipts	Disbursements	Restricted Fund Balance
	May 1, 2014			April 30, 2015
<b>Special Tax Levies:</b>				
Police protection	\$ -	\$ 10,866	\$ 10,866	\$ -
Audit	-	4,437	4,437	-
IMRF	-	7,975	7,975	-
Social security	-	4,886	4,886	-
Worker's compensation and liability insurance	-	10,170	10,170	-
Unemployment insurance	-	182	182	-
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 38,516</b>	<b>\$ 38,516</b>	<b>\$ -</b>

**Note 10. Intergovernmental Agreements**

The Village contracts its police services with the County of Peoria. Under the agreement, the Village paid \$18,452 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, 2015, no individual fund had a deficit fund balance.

VILLAGE OF DUNLAP, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2015

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**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, 2015

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**Note 13. Fund Balance Reporting (continued)**

As of April 30, 2015, the Village's governmental fund balances were classified as follows:

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 765,125
Motor Fuel Tax	-	287,852	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 287,852</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 765,125</b>

**Note 14. Legal Debt Margin**

Total 2014 assessed valuation	<u>\$ 37,022,961</u>
Statutory debt limitation (8.625%)	\$ 3,193,230
Outstanding long-term debt	<u>-</u>
Legal debt margin	<u>\$ 3,193,230</u>

**Note 15. Pending GASB Adoptions**

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, is effective for years beginning after June 15, 2014. The statement requires governments providing defined benefit pensions to recognize their long-term obligations for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

**VILLAGE OF DUNLAP, ILLINOIS  
OTHER INFORMATION  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED APRIL 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAAL as a Percentage of Covered Payroll
12/31/14	\$ 311,480	\$ 416,162	\$ 104,682	74.85%	\$ 113,830	91.96%
12/31/13	271,163	376,123	104,960	72.09%	116,412	90.16%
12/31/12	230,550	347,843	117,293	66.28%	117,469	99.85%

On a market value basis, the actuarial value of assets as of December 31, 2014, is \$344,936. On a market basis, the funded ratio would be 82.89%.

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

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, 2015

	<u>Actual</u>	<u>Original/Final Budget</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>			
Local taxes	\$ 83,006	\$ 83,500	\$ (494)
State income taxes	134,588	131,254	3,334
Sales tax	101,970	111,000	(9,030)
Use tax	26,690	24,324	2,366
Personal property tax	1,557	1,200	357
Licenses and permits	2,400	1,800	600
Franchise fees	16,951	17,000	(49)
Interest	4,793	12,000	(7,207)
Miscellaneous	14,985	8,000	6,985
Total revenues	<u>386,940</u>	<u>390,078</u>	<u>(3,138)</u>
<b>Expenditures</b>			
General government			
Personal services	47,030	34,530	12,500
Employee benefits	8,340	6,800	1,540
Contractual services	108,251	167,050	(58,799)
Commodities	3,414	2,500	914
Other	4,561	10,900	(6,339)
Total general government	<u>171,596</u>	<u>221,780</u>	<u>(50,184)</u>
Capital outlay	<u>67,985</u>	<u>50,000</u>	<u>17,985</u>
Provision for contingencies	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
Public safety			
Personal services	<u>18,452</u>	<u>19,000</u>	<u>(548)</u>
Total public safety	<u>18,452</u>	<u>19,000</u>	<u>(548)</u>
Public works and transportation			
Personal services	46,577	52,500	(5,923)
Contractual services	-	60,000	(60,000)
Commodities	<u>47,121</u>	<u>30,000</u>	<u>17,121</u>
Total public works and transportation	<u>93,698</u>	<u>142,500</u>	<u>(48,802)</u>
Total expenditures	<u>351,731</u>	<u>438,280</u>	<u>(86,549)</u>
Net change in fund balance	35,209	<u>\$ (48,202)</u>	<u>\$ 83,411</u>
Prior year fund balance	<u>729,916</u>		
Current year ending fund balance	<u>\$ 765,125</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  
NOTE TO OTHER INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – MODIFIED CASH  
BASIS  
ACTUAL AND BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2015**

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**Note 1. 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, 2015, was adopted on July 9, 2014. 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 schedule:

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.

VILLAGE OF DUNLAP, ILLINOIS

Schedule of Taxes

April 30, 2015

	2011 Levy	2012 Levy	2013 Levy	2014 Levy
Total assessed valuation	<u>\$ 31,728,337</u>	<u>\$ 33,285,728</u>	<u>\$ 34,398,517</u>	<u>\$ 37,022,961</u>
Tax levy:				
General corporate	\$ 27,436	\$ 30,411	\$ 30,411	\$ 39,111
Police protection	10,900	10,900	10,900	12,903
Audit	4,450	4,450	4,450	4,502
IMRF	8,000	8,000	8,000	9,000
Social Security	4,900	4,900	4,900	5,902
Workmen's compensation	7,000	7,000	10,200	11,203
Unemployment insurance	180	180	180	181
Total tax levy	<u>\$ 62,866</u>	<u>\$ 65,841</u>	<u>\$ 69,041</u>	<u>\$ 82,802</u>
Tax rates:				
General corporate	.08648	.09137	.08841	.10564
Police protection	.03436	.03275	.03169	.03485
Audit	.01403	.01337	.01294	.01216
IMRF	.02522	.02404	.02326	.02431
Social Security	.01545	.01473	.01425	.01594
Workmen's compensation	.02207	.02103	.02966	.03026
Unemployment insurance	.00057	.00055	.00053	.00049
Total tax rates	<u>.19818</u>	<u>.19784</u>	<u>.20074</u>	<u>.22365</u>
Taxes extended:				
General corporate	\$ 27,439	\$ 30,413	\$ 30,412	\$ 39,111
Police protection	10,902	10,901	10,901	12,900
Audit	4,451	4,450	4,451	4,500
IMRF	8,002	8,002	8,001	9,000
Social Security	4,902	4,903	4,902	5,900
Workmen's compensation	7,002	7,000	10,203	11,200
Unemployment insurance	181	183	182	180
Total taxes extended	<u>\$ 62,879</u>	<u>\$ 65,852</u>	<u>\$ 69,052</u>	<u>\$ 82,791</u>
Net taxes collected	\$ 62,566	\$ 66,069	\$ 68,629	\$ -
Road and bridge tax	14,799	14,981	14,377	-
Total taxes collected	<u>\$ 77,365</u>	<u>\$ 81,050</u>	<u>\$ 83,006</u>	<u>\$ -</u>