

VILLAGE OF DOWNS, ILLINOIS

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

April 30, 2014 and 2013

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Independent Auditors' Report

To the Board of Trustees
Village of Downs, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Downs, Illinois, as of and for the years ended April 30, 2014 and 2013, 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 accounting principles generally accepted in the United States of America; this includes 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Downs, Illinois, as of April 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 43-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Downs, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August XX, 2014, on our consideration of the Village of Downs, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Downs, Illinois' internal control over financial reporting and compliance.

Canny Accounting, LLC

Canny Accounting, LLC
Chatham, Illinois
October 1, 2014

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Trustees
Village of Downs, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Downs, Illinois, as of and for the years ended April 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Village of Downs, Illinois' basic financial statements, and have issued our report thereon dated October 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Downs, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Downs, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Downs, Illinois' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Downs, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Canny Accounting, LLC

Canny Accounting, LLC
Chatham, Illinois
October 1, 2014

Village of Downs, Illinois
STATEMENT OF NET POSITION
April 30, 2014

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 742,161	\$ 337,056	\$ 1,079,217
Restricted cash	-	25,706	25,706
Certificates of deposit	10,391	-	10,391
Accounts receivable	-	73,119	73,119
Other receivable	-	60	60
Taxes receivable	409,580	-	409,580
Capital assets			
Land	35,069	59,000	94,069
Capital assets, net of accumulated depreciation	160,036	10,845,809	11,005,845
TOTAL ASSETS	\$ 1,357,237	\$ 11,340,750	\$ 12,697,987
LIABILITIES AND NET POSITION			
Liabilities			
Accounts payable	\$ 42,041	\$ 38,424	\$ 80,465
Accrued payroll liabilities	769	2,123	2,892
Customer deposits	-	25,930	25,930
Notes payable, current	12,079	388,992	401,071
Notes payable, non-current	18,679	5,275,725	5,294,404
Total Liabilities	73,568	5,731,194	5,804,762
Net Position			
Invested in capital assets, net of related debt	164,347	5,240,092	5,404,439
Restricted			
Maintenance of roadways	17,149	-	17,149
Economic development	537,449	-	537,449
Unrestricted	564,724	369,464	934,188
Total Net Position	1,283,669	5,609,556	6,893,225
TOTAL LIABILITIES AND NET POSITION	\$ 1,357,237	\$ 11,340,750	\$ 12,697,987

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF NET POSITION - CONTINUED
April 30, 2013

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 805,200	\$ 337,321	\$ 1,142,521
Restricted cash	-	24,846	24,846
Certificates of deposit	22,691	-	22,691
Accounts receivable	-	125,688	125,688
Taxes receivable	426,577	-	426,577
Capital assets			
Land	35,069	59,000	94,069
Capital assets, net of accumulated depreciation	159,959	11,152,380	11,312,339
TOTAL ASSETS	\$ 1,449,496	\$ 11,699,235	\$ 13,148,731
LIABILITIES AND NET POSITION			
Liabilities			
Accounts payable	\$ 11,017	\$ 9,989	\$ 21,006
Accrued payroll liabilities	1,453	1,942	3,395
Customer deposits	-	24,848	24,848
Notes payable, current	11,785	390,265	402,050
Notes payable, non-current	30,764	5,567,149	5,597,913
Total Liabilities	55,019	5,994,193	6,049,212
Net Position			
Invested in capital assets, net of related debt	152,479	5,253,966	5,406,445
Restricted			
Maintenance of roadways	17,397	-	17,397
Economic development	634,319	-	634,319
Unrestricted	590,282	451,076	1,041,358
Total Net Position	1,394,477	5,705,042	7,099,519
TOTAL LIABILITIES AND NET POSITION	\$ 1,449,496	\$ 11,699,235	\$ 13,148,731

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government						Total
Governmental activities						
General government						
Streets	\$ 512,965	\$ 48,030	\$ -	\$ -	\$ (464,935)	\$ (464,935)
	75,190	-	-	-	(75,190)	(75,190)
Total governmental activities	588,155	48,030	-	-	(540,125)	(540,125)
Business-type activities						
Waterworks	263,984	141,906	-	-	-	(122,078)
Sewerage	341,491	167,598	-	-	-	(173,893)
Total business-type activities	605,475	309,504	-	-	-	(295,971)
Total Primary Government	\$ 1,193,630	\$ 357,534	\$ -	\$ -	(540,125)	(836,096)
General Revenues and Transfers						
Taxes						
Property taxes					370,997	370,997
Sales and use tax					41,582	41,582
State replacement tax					3,543	3,543
Motor fuel tax					28,057	28,057
State income tax					95,972	95,972
Video gaming tax					1,528	1,528
Other taxes					756	756
Interest income					759	965
Miscellaneous revenues					23,020	63,382
Transfers					(136,897)	136,897
Total general revenues and transfers					429,317	200,485
CHANGE IN NET POSITION					(110,808)	(95,486)
NET POSITION, BEGINNING OF YEAR					1,394,477	5,705,042
NET POSITION, END OF YEAR					\$ 1,283,669	\$ 5,609,556
					\$ 1,283,669	\$ 6,893,225

The accompanying notes are an integral part of the basic financial statements.

Net (Expense) Revenue and Change in Net Position			
Functions/Programs	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government	Expenses		
Governmental activities			
General government	\$ 370,253	\$ 47,399	\$ -
Streets	52,479	-	-
Total governmental activities	422,732	47,399	-
Business-type activities			
Waterworks	164,993	126,652	-
Sewerage	322,985	71,668	91,386
Total business-type activities	487,978	198,320	91,386
Total Primary Government	\$ 910,710	\$ 245,719	\$ 91,386
General Revenues and Transfers			
Taxes			
Property taxes			768,757
Sales and use tax			40,972
State replacement tax			2,667
Motor fuel tax			25,509
State income tax			95,091
Other taxes			726
Interest income			994
Miscellaneous revenues			26,717
Transfers			(25,757)
Total general revenues and transfers			935,676
CHANGE IN NET POSITION			151,698
NET POSITION, BEGINNING OF YEAR			(46,574)
NET POSITION, END OF YEAR			5,751,616
	\$ 1,394,477	\$ 5,705,042	\$ 7,099,519

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Village of Downs, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2014

	General Fund	Downtown TIF I Fund	Downs Crossing TIF II Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 143,882	\$ 292,100	\$ 259,525	\$ 46,654	\$ 742,161
Certificates of deposit	10,391	-	-	-	10,391
Taxes receivable	97,853	135,616	156,731	19,380	409,580
TOTAL ASSETS	<u>\$ 252,126</u>	<u>\$ 427,716</u>	<u>\$ 416,256</u>	<u>\$ 66,034</u>	<u>\$ 1,162,132</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 14,198	\$ 14,076	\$ 100	\$ 13,667	\$ 42,041
Accrued payroll liabilities	769	-	-	-	769
Total Liabilities	14,967	14,076	100	13,667	42,810
Deferred Inflows of Resources					
Deferred revenue	60,225	135,616	156,731	19,380	371,952
Fund Balance					
Restricted					
Maintenance of roadways	-	-	-	17,149	17,149
Economic development	-	278,024	259,425	-	537,449
Unrestricted					
Unassigned	176,934	-	-	15,838	192,772
Total Fund Balance	176,934	278,024	259,425	32,987	747,370
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 252,126</u>	<u>\$ 427,716</u>	<u>\$ 416,256</u>	<u>\$ 66,034</u>	<u>\$ 1,162,132</u>

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
BALANCE SHEET - CONTINUED
GOVERNMENTAL FUNDS
April 30, 2013

	General Fund	Downtown TIF I Fund	Downs Crossing TIF II Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 113,706	\$ 227,100	\$ 407,219	\$ 57,175	\$ 805,200
Certificates of deposit	22,691	-	-	-	22,691
Taxes receivable	113,475	134,435	159,681	18,986	426,577
TOTAL ASSETS	\$ 249,872	\$ 361,535	\$ 566,900	\$ 76,161	\$ 1,254,468
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 9,005	\$ -	\$ -	\$ 2,012	\$ 11,017
Accrued payroll liabilities	1,431	-	-	22	1,453
Total Liabilities	10,436	-	-	2,034	12,470
Deferred Inflows of Resources					
Deferred revenue	66,302	134,435	159,681	18,986	379,404
Fund Balance					
Restricted					
Maintenance of roadways	-	-	-	17,397	17,397
Economic development	-	227,100	407,219	-	634,319
Unrestricted					
Unassigned	173,134	-	-	37,744	210,878
Total Fund Balance	173,134	227,100	407,219	55,141	862,594
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 249,872	\$ 361,535	\$ 566,900	\$ 76,161	\$ 1,254,468

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
RECONCILIATIONS OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
April 30

	<u>2014</u>	<u>2013</u>
Total governmental fund balance	\$ 747,370	\$ 862,594
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, net of accumulated depreciation of \$ 194,983 and \$175,685 as of April 30, 2014 and 2013, respectively	195,105	195,028
Long-term receivables are not available in the current period and therefore are deferred in the funds: Deferred revenue	371,952	379,404
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Notes payable	<u>(30,758)</u>	<u>(42,549)</u>
Total net position - governmental activities	<u>\$ 1,283,669</u>	<u>\$ 1,394,477</u>

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2014

	General Fund	Downtown TIF I Fund	Downs Crossing TIF II Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 209,348	\$ 134,275	\$ 159,683	\$ 46,581	\$ 549,887
Charges for service	48,030	-	-	-	48,030
Fines, fees and permits	12,052	-	-	-	12,052
Donations	-	-	-	1,234	1,234
Interest	357	195	181	26	759
Other	874	-	-	8,860	9,734
Total revenues	270,661	134,470	159,864	56,701	621,696
EXPENDITURES					
General government	244,248	73,046	180,761	14,910	512,965
Streets	-	-	-	54,934	54,934
Capital outlay	5,253	-	-	14,122	19,375
Debt service	-	-	-	12,749	12,749
Total expenditures	249,501	73,046	180,761	96,715	600,023
Excess (deficiency) of revenues over expenditures	21,160	61,424	(20,897)	(40,014)	21,673
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	(17,360)	(10,500)	(126,897)	17,860	(136,897)
Excess of revenues and other financing sources over expenditures and other financing uses	3,800	50,924	(147,794)	(22,154)	(115,224)
FUND BALANCE, BEGINNING OF YEAR	173,134	227,100	407,219	55,141	862,594
FUND BALANCE, END OF YEAR	\$ 176,934	\$ 278,024	\$ 259,425	\$ 32,987	\$ 747,370

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2013

	General Fund	Downtown TIF I Fund	Downs Crossing TIF II Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 218,547	\$ 134,766	\$ 156,618	\$ 44,387	\$ 554,318
Charges for service	47,399	-	-	-	47,399
Fines, fees and permits	3,723	-	-	-	3,723
Donations	-	-	-	3,538	3,538
Interest	316	257	377	44	994
Other	510	-	-	18,946	19,456
Total revenues	270,495	135,023	156,995	66,915	629,428
EXPENDITURES					
General government	209,200	54,120	83,151	23,782	370,253
Streets	-	-	-	39,532	39,532
Capital outlay	34,014	-	-	48,500	82,514
Debt service	-	-	-	6,387	6,387
Total expenditures	243,214	54,120	83,151	118,201	498,686
Excess (deficiency) of revenues over expenditures	27,281	80,903	73,844	(51,286)	130,742
OTHER FINANCING SOURCES (USES)					
Debt proceeds	-	-	-	48,500	48,500
Transfers from (to) other funds	23,701	(57,458)	-	8,000	(25,757)
Total other financing sources (uses)	23,701	(57,458)	-	56,500	22,743
Excess of revenues and other financing sources over expenditures and other financing uses	50,982	23,445	73,844	5,214	153,485
FUND BALANCE, BEGINNING OF YEAR	122,152	203,655	333,375	49,927	709,109
FUND BALANCE, END OF YEAR	\$ 173,134	\$ 227,100	\$ 407,219	\$ 55,141	\$ 862,594

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
RECONCILIATIONS OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Years Ended April 30

	<u>2014</u>	<u>2013</u>
Net change in fund balances - total governmental funds	\$ (115,224)	\$ 153,485
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 cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:		
Capital assets purchased capitalized	19,375	82,514
Depreciation expense	(19,298)	(12,511)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	(7,452)	379,404
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net assets.		
Principal payments	11,791	5,951
Debt proceeds	<u>-</u>	<u>(48,500)</u>
Change in net assets of governmental activities	<u>\$ (110,808)</u>	<u>\$ 560,343</u>

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2014

ASSETS	Business-Type Activities		Total
	Water	Sewer	
Current Assets			
Cash	\$ 126,315	\$ 210,741	\$ 337,056
Restricted cash	25,706	-	25,706
Accounts receivable	-	73,119	73,119
Other receivable	60	-	60
	<u>152,081</u>	<u>283,860</u>	<u>435,941</u>
Total current assets	152,081	283,860	435,941
Noncurrent Assets			
Capital assets			
Land	59,000	-	59,000
Capital assets, net of accumulated depreciation	<u>527,601</u>	<u>10,318,208</u>	<u>10,845,809</u>
	<u>586,601</u>	<u>10,318,208</u>	<u>10,904,809</u>
Total noncurrent assets	586,601	10,318,208	10,904,809
TOTAL ASSETS	<u>\$ 738,682</u>	<u>\$ 10,602,068</u>	<u>\$ 11,340,750</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 5,989	\$ 32,435	\$ 38,424
Accrued payroll taxes	2,123	-	2,123
Customer deposits	25,930	-	25,930
Current portion of notes payable	<u>46,528</u>	<u>342,464</u>	<u>388,992</u>
	<u>80,570</u>	<u>374,899</u>	<u>455,469</u>
Total current liabilities	80,570	374,899	455,469
Noncurrent Liabilities			
Notes payable	<u>264,469</u>	<u>5,011,256</u>	<u>5,275,725</u>
Total Liabilities	345,039	5,386,155	5,731,194
Net Position			
Investment in capital assets, net of related debt	275,604	4,964,488	5,240,092
Unrestricted	<u>118,039</u>	<u>251,425</u>	<u>369,464</u>
Total Net Position	<u>393,643</u>	<u>5,215,913</u>	<u>5,609,556</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 738,682</u>	<u>\$ 10,602,068</u>	<u>\$ 11,340,750</u>

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
April 30, 2013

ASSETS	Business-Type Activities		Total
	Water	Sewer	
Current Assets			
Cash	\$ 125,215	\$ 212,106	\$ 337,321
Restricted cash	24,846	-	24,846
Accounts receivable	-	125,688	125,688
Total current assets	150,061	337,794	487,855
Noncurrent Assets			
Capital assets			
Land	59,000	-	59,000
Capital assets, net of accumulated depreciation	559,496	10,592,884	11,152,380
Total noncurrent assets	618,496	10,592,884	11,211,380
TOTAL ASSETS	\$ 768,557	\$ 10,930,678	\$ 11,699,235
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 1,804	\$ 8,185	\$ 9,989
Accrued payroll taxes	1,942	-	1,942
Customer deposits	24,848	-	24,848
Current portion of notes payable	45,306	344,959	390,265
Total current liabilities	73,900	353,144	427,044
Noncurrent Liabilities			
Notes payable	219,255	5,347,894	5,567,149
Total Liabilities	293,155	5,701,038	5,994,193
Net Position			
Investment in capital assets, net of related debt	353,935	4,900,031	5,253,966
Unrestricted	121,467	329,609	451,076
Total Net Position	475,402	5,229,640	5,705,042
TOTAL LIABILITIES AND NET POSITION	\$ 768,557	\$ 10,930,678	\$ 11,699,235

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended April 30, 2014

	Business-Type Activities		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 141,360	167,598	\$ 308,958
Miscellaneous	546	-	546
Total operating revenues	141,906	167,598	309,504
OPERATING EXPENSES			
Operating, maintenance, general, and administrative expenses	221,458	60,989	282,447
INCOME (LOSS) BEFORE DEPRECIATION	(79,552)	106,609	27,057
DEPRECIATION	31,895	274,676	306,571
OPERATING INCOME (LOSS)	(111,447)	(168,067)	(279,514)
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous	-	63,382	63,382
Interest income	82	124	206
Interest expense	(10,631)	(5,826)	(16,457)
Total nonoperating revenues (expenses)	(10,549)	57,680	47,131
INCOME (LOSS) BEFORE TRANSFERS	(121,996)	(110,387)	(232,383)
TRANSFERS IN	40,237	96,660	136,897
DECREASE IN NET POSITION	(81,759)	(13,727)	(95,486)
NET POSITION, BEGINNING OF YEAR	475,402	5,229,640	5,705,042
NET POSITION, END OF YEAR	<u>\$ 393,643</u>	<u>\$ 5,215,913</u>	<u>\$ 5,609,556</u>

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED
PROPRIETARY FUNDS
For the Year Ended April 30, 2013

	Business-Type Activities		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 122,638	\$ 71,668	\$ 194,306
Miscellaneous	4,014	-	4,014
Total operating revenues	126,652	71,668	198,320
OPERATING EXPENSES			
Operating, maintenance, general, and administrative expenses	127,355	49,701	177,056
INCOME (LOSS) BEFORE DEPRECIATION	(703)	21,967	21,264
DEPRECIATION	30,958	265,630	296,588
OPERATING INCOME (LOSS)	(31,661)	(243,663)	(275,324)
NONOPERATING REVENUES (EXPENSES)			
Grant income	-	91,386	91,386
Miscellaneous	-	42,915	42,915
Interest income	58	298	356
Interest expense	(6,680)	(7,654)	(14,334)
Total nonoperating revenues (expenses)	(6,622)	126,945	120,323
INCOME (LOSS) BEFORE TRANSFERS	(38,283)	(116,718)	(155,001)
TRANSFERS IN (OUT)	134,801	(26,374)	108,427
INCREASE (DECREASE) IN NET POSITION	96,518	(143,092)	(46,574)
NET POSITION, BEGINNING OF YEAR			
As previously reported	378,884	5,318,609	5,697,493
Adjustment for overstatement of debt	-	54,123	54,123
NET POSITION, BEGINNING OF YEAR, AS RESTATED	378,884	5,372,732	5,751,616
NET POSITION, END OF YEAR	\$ 475,402	\$ 5,229,640	\$ 5,705,042

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2014

	Business-Type Activities		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 142,928	\$ 220,167	\$ 363,095
Payments for goods and services	(201,606)	(441)	(202,047)
Payments for payroll and payroll related costs	(15,486)	(36,298)	(51,784)
Net cash from operating activities	(74,164)	183,428	109,264
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers (to) from other funds	40,237	96,660	136,897
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from grants	-	#REF!	#REF!
Proceeds from notes payable	90,332	-	90,332
Principal paid on notes payable	(43,896)	(339,133)	(383,029)
Interest paid on notes payable	(10,631)	(5,826)	(16,457)
Net cash from capital and related financing activities	35,805	#REF!	#REF!
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	82	124	206
NET INCREASE (DECREASE) IN CASH	1,960	#REF!	#REF!
CASH, BEGINNING OF YEAR	150,061	212,106	362,167
CASH, END OF YEAR	<u>\$ 152,021</u>	<u>#REF!</u>	<u>#REF!</u>
RECONCILIATION TO STATEMENT OF NET ASSETS			
Cash	\$ 126,315	\$ 210,741	\$ 337,056
Restricted cash	25,706	-	25,706
TOTAL CASH	<u>\$ 152,021</u>	<u>\$ 210,741</u>	<u>\$ 362,762</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (111,447)	\$ (168,067)	\$ (279,514)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	31,895	274,676	306,571
Effects of changes in operating assets and liabilities			
Accounts receivable	(60)	52,569	52,509
Accounts payable	4,185	24,250	28,435
Accrued payroll liabilities	181	-	181
Customer deposits	1,082	-	1,082
Net cash from operating activities	<u>\$ (74,164)</u>	<u>\$ 183,428</u>	<u>\$ 109,264</u>

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the Year Ended April 30, 2013

	Business-Type Activities		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 151,060	\$ 128,082	\$ 279,142
Payments for goods and services	(83,159)	(25,757)	(108,916)
Payments for payroll and payroll related costs	(47,056)	(34,927)	(81,983)
Net cash from operating activities	20,845	67,398	88,243
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers (to) from other funds	134,801	(26,374)	108,427
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from grants	-	134,301	134,301
Proceeds from notes payable	27,204	730,351	757,555
Principal paid on notes payable	(57,195)	(183,270)	(240,465)
Interest paid on notes payable	(6,680)	(7,654)	(14,334)
Additions to capital assets	(37,468)	(723,699)	(761,167)
Net cash from capital and related financing activities	(74,139)	(49,971)	(124,110)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	58	298	356
NET INCREASE (DECREASE) IN CASH	81,565	(8,649)	72,916
CASH, BEGINNING OF YEAR	68,496	220,755	289,251
CASH, END OF YEAR	<u>\$ 150,061</u>	<u>\$ 212,106</u>	<u>\$ 362,167</u>
RECONCILIATION TO STATEMENT OF NET ASSETS			
Cash	\$ 125,215	\$ 212,106	\$ 337,321
Restricted cash	24,846	-	24,846
TOTAL CASH	<u>\$ 150,061</u>	<u>\$ 212,106</u>	<u>\$ 362,167</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (31,661)	\$ (243,663)	\$ (275,324)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	30,958	265,630	296,588
Effects of changes in operating assets and liabilities			
Accounts receivable	23,683	56,414	80,097
Accounts payable	(2,932)	(10,983)	(13,915)
Accrued payroll liabilities	72	-	72
Customer deposits	725	-	725
Net cash from operating activities	<u>\$ 20,845</u>	<u>\$ 67,398</u>	<u>\$ 88,243</u>

The accompanying notes are an integral part of the basic financial statements.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Downs, Illinois (the Village) follows the provisions of Governmental Accounting Standards Board Statements. As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, as well as its component units, which are a legally separate organization for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

Fiscal dependency on the primary government.

The accompanying financial statements present the Village (the primary government). The Village has no component units.

Basic Financial Statements – Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds and aggregate nonmajor funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's general government, public safety, public works, health and welfare and culture and recreation are classified as governmental activities. The Village's waterworks and sewerage are classified as business-type activities. The effect of material interfund activity has been removed from these statements.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Government-Wide Statements (Continued)

The net costs (by function or business-type activity) may normally be covered by general revenue (property or sales tax, interest income, ect.).

The Village does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund balance, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The following fund types are used by the Village:

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the Village are financed. The acquisition, use, and balances of the Village's expendable financial resources and related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is based upon changes in financial position, rather than net income determination. The following are the Village's Governmental Fund Types:

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.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, general long term debt, or major capital projects) that are legally restricted to expenditures for specified purposes.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Proprietary Fund Types

Proprietary Funds are used to account for the Village's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following is a description of the Village's Proprietary Fund Types.

Enterprise Funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Village maintains two enterprise funds.

Reporting Major and Nonmajor Funds

The Village reports the following major funds:

Governmental Funds

General Fund – This fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Downtown TIF I Fund – This fund is used to account for the revenues and expenditures associated with the Downtown tax increment financing district. Financing is provided by property taxes.

Downs Crossing TIF II Fund – This fund is used to account for the revenues and expenditures associated with the Downs Crossing tax increment financing district. Financing is provided by property taxes.

Business-Type Activities

Water Fund – This fund is used to account for the revenues and expenses associated with water services to the residents of the Village. Financing is provided by water charges.

Sewer Fund – This fund is used to account for the revenues and expenses associated with sewer services to the residents of the Village. Financing is provided by sewer charges.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements – Fund Financial Statements (Continued)

Reporting Major and Nonmajor Funds (Continued)

The Village reports the following nonmajor funds:

Governmental Funds

Motor Fuel Tax Fund – This fund is used to account for the revenues and expenditures associated with road projects and general maintenance of the streets within the Village. Financing is provided by motor fuel tax allotments.

Christmas Committee Fund – This fund is used to account for the revenues and expenditures associated with providing holiday activities. Financing is provided by donations.

Streets, Alleys and Sidewalks Fund – This fund is used to account for the revenues and expenditures associated with projects and general maintenance of the streets, alleys and sidewalks within the Village. Financing is provided by property taxes.

Park Committee Fund – This fund is used to account for the revenues and expenditures associated with projects and general maintenance of the park. Financing is provided by donations.

Young Adults Fund – This fund is used to account for the revenues and expenditures associated with promoting young adults. Financing is provided by rental income.

Village Market Fund – This fund is used to account for the revenues and expenditures associated with maintaining a village market. Financing is provided by rental income and donations.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues, except for property taxes, are recognized when earned and expenses are recognized when incurred. Property taxes are recorded as revenue when levied for budgetary purpose.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or within 180 days after year end, except for property taxes, which must be collected within 60 days to be considered available. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Property taxes are recorded as revenue when levied for budgetary purpose. Penalties and interest, court fees, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Sales, income, and motor fuel taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time.

Appropriation

The Village prepares an appropriation ordinance, which includes all funds, and prepared on a basis consistent with the financial statement presentation. The appropriation ordinance represents the legal spending limits for the Village. The budget is used to control those limits.

The appropriation ordinance and budget was passed on June 6, 2013. The budget lapses at the end of each fiscal year. The Village does not utilize an encumbrance system.

The Village follows these procedures in establishing the appropriations data reflected in the financial statements:

1. During the first quarter of the fiscal year, the proposed appropriations for the year commencing May 1 are submitted to the Board of Trustees.
2. The appropriations are legally enacted through passage of an ordinance.
3. The Village may amend its appropriations in accordance with Illinois Law.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

Restricted cash in the Water Fund are for customer deposits which will be returned when the customer moves.

Certificates of Deposit

Certificates of deposit are stated at cost, which approximates fair value.

Accounts Receivable

Accounts receivable are uncollateralized customer obligations which generally require payment within twenty five days from the invoice date. Accounts receivable are stated at the invoice amount. Account balances with invoices over twenty five days old are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices.

The Village considers accounts receivable to be fully collectible; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Capital Assets

Capital assets purchased or acquired are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives.

Building	40 years
Streets	20 years
Equipment	5 – 40 years
Well site	20 years
Water plant	20 – 40 years
Sewer system	40 years

Compensated Absences

Due to the immateriality of amounts, the Village has not reported any amounts for compensated absences.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes generated from the 2013 and 2012 property tax levy are used to finance the operating budget of the fiscal years ending April 30, 2014 and 2013. Recognition of the revenue is deferred until the year it is intended to finance. The Village's property tax is levied on or before the last Tuesday in December each year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on property as of January 1 and are generally payable in two installments in June and September.

Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable.

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

Fund Balance/Net Position

Government-Wide Statements

In the government-wide financial statements, equity is classified as net assets and displayed in three classifications.

Invested in capital assets, net of related debt – This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – This classification consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation, which include various local taxes that are restricted to certain specified purposes.

Unrestricted net position – All other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance/Net Position (Continued)

Government-Wide Statements (Continued)

If restricted and unrestricted assets are available for the same purpose, then restricted assets will be used before unrestricted assets.

Fund Statements

Beginning with fiscal year 2012, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village Board – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the Village's "intent" to be used for specific purposes, but are neither restricted nor committed. The Village trustees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance/Net Position (Continued)

Fund Statements (Continued)

The Village Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Village Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are also classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Proprietary Funds Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, certificates of deposit, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities, Illinois Funds, and the Illinois Metropolitan Investment Fund. The Illinois Funds and The Illinois Metropolitan Investment Fund are external investment pools regulated by state statutes; the pools value participants' share on a fair value basis.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

The Village maintains various bank accounts. As of April 30, 2014, the carrying amount of the Village's unrestricted and restricted cash on hand and deposits was \$ 1,104,923 and \$ 10,391, respectively, totaling \$ 1,115,314. As of April 30, 2013, the carrying amount of the Village's unrestricted and restricted cash on hand and deposits was \$ 1,167,367 and \$ 22,691, respectively, totaling \$ 1,190,058.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The financial institution has pledged as security government securities to cover deposits exceeding the insured limit. As of April 30, 2014 and 2013, none of the Village's deposits were exposed to custodial credit risk.

Investments

As of April 30, 2014 and 2013, all of the Village's investments were in certificates of deposits. The certificates of deposit had fair values of \$ 10,391 and \$ 22,691, respectively, which are included in the deposits amount above, mature within the next two years, and had interest rates varying from .20% to .30%.

Interest Rate Risk

The Village does not have any policies regarding interest rate risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of April 30, 2014 and 2013, the investments consisted of certificates of deposit which are not rated.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investments in securities through the use of mutual funds or governmental investment pools such as Illinois Funds. The Village is not exposed to this particular risk.

Concentration of Credit Risk

The Village places no limit on the amount the Village may invest in any one issuer.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Restricted Assets

A portion of cash is restricted in the Water Fund for customer deposits.

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2014, was as follows:

	<u>Balance at May 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at April 30, 2014</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 35,069	\$ -	\$ -	\$ 35,069
Capital assets being depreciated				
Streets	55,268	-	-	55,268
Building	142,909	-	-	142,909
Equipment	<u>137,467</u>	<u>19,375</u>	<u>-</u>	<u>156,842</u>
Total capital assets being depreciated	335,644	19,375	-	355,019
Accumulated depreciation	<u>175,685</u>	<u>19,298</u>	<u>-</u>	<u>194,983</u>
Total capital assets being depreciated, net	<u>159,959</u>	<u>77</u>	<u>-</u>	<u>160,036</u>
Governmental activities capital assets, net	<u>\$ 195,028</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ 195,105</u>

Depreciation expense in the amount of \$ 19,298 was charged to governmental activities.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 3 - CAPITAL ASSETS (CONTINUED)

	<u>Balance at May 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at April 30, 2014</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 59,000	\$ -	\$ -	\$ 59,000
Capital assets being depreciated				
Well site	1,000	-	-	1,000
Water plant	334,486	-	-	334,486
Sewer system	10,987,057	-	-	10,987,057
Equipment	839,607	-	-	839,607
Total capital assets being depreciated	12,162,150	-	-	12,162,150
Accumulated depreciation	1,009,770	306,571	-	1,316,341
Total capital assets being depreciated, net	11,152,380	(306,571)	-	10,845,809
Business-type activities capital assets, net	<u>\$ 11,211,380</u>	<u>\$ (306,571)</u>	<u>\$ -</u>	<u>\$ 10,904,809</u>

Depreciation expense of \$ 306,571 was charged to the business-type activities.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended April 30, 2013, was as follows:

	<u>Balance at May 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at April 30, 2013</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 35,069	\$ -	\$ -	\$ 35,069
Capital assets being depreciated				
Streets	55,268	-	-	55,268
Building	108,895	34,014	-	142,909
Equipment	<u>88,967</u>	<u>48,500</u>	<u>-</u>	<u>137,467</u>
Total capital assets being depreciated	253,130	82,514	-	335,644
Accumulated depreciation	<u>163,174</u>	<u>12,511</u>	<u>-</u>	<u>175,685</u>
Total capital assets being depreciated, net	<u>89,956</u>	<u>70,003</u>	<u>-</u>	<u>159,959</u>
Governmental activities capital assets, net	<u>\$ 125,025</u>	<u>\$ 70,003</u>	<u>\$ -</u>	<u>\$ 195,028</u>

Depreciation expense in the amount of \$ 12,511 was charged to governmental activities.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 3 - CAPITAL ASSETS (CONTINUED)

	<u>Balance at May 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at April 30, 2013</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 59,000	\$ -	\$ -	\$ 59,000
Capital assets being depreciated				
Well site	1,000	-	-	1,000
Water plant	297,018	37,468	-	334,486
Sewer system	10,263,358	723,699	-	10,987,057
Equipment	839,607	-	-	839,607
Total capital assets being depreciated	11,400,983	761,167	-	12,162,150
Accumulated depreciation	713,182	296,588	-	1,009,770
Total capital assets being depreciated, net	10,687,801	464,579	-	11,152,380
Business-type activities capital assets, net	<u>\$ 10,746,801</u>	<u>\$ 464,579</u>	<u>\$ -</u>	<u>\$ 11,211,380</u>

Depreciation expense of \$ 296,588 was charged to the business-type activities.

NOTE 4 – OPERATING TRANSFERS

<u>2014</u>	<u>Transfers Out</u>				
<u>Transfers In</u>	<u>General</u>	<u>TIF I</u>	<u>TIF II</u>	<u>Sewer</u>	<u>Total</u>
Streets, Alleys and Sidewalks	\$ 15,760	\$ -	\$ -	\$ -	\$ 15,760
Park	1,600	500	-	-	2,100
Water	-	-	36,000	4,237	40,237
Sewer	-	10,000	90,897	-	100,897
	<u>\$ 17,360</u>	<u>\$ 10,500</u>	<u>\$ 126,897</u>	<u>\$ 4,237</u>	

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 4 – OPERATING TRANSFERS (CONTINUED)

<u>2013</u>	<u>Transfers Out</u>				<u>Total</u>
<u>Transfers In</u>	<u>General</u>	<u>TIF I</u>	<u>TIF II</u>	<u>Sewer</u>	
General	\$ -	\$ 34,014	\$ -	\$ -	\$ 34,014
Streets, Alleys and Sidewalks	8,000	-	-	-	8,000
Water	2,313	8,969	37,670	85,849	134,801
Sewer	-	14,475	45,000	-	59,475
	<u>\$ 10,313</u>	<u>\$ 57,458</u>	<u>\$ 82,670</u>	<u>\$ 85,849</u>	

Operating transfers are used to move unrestricted revenues collected in funds to finance various programs accounted for in other funds.

NOTE 5 – LONG-TERM DEBT

Long-term debt activity for the year ended April 30, 2014, was as follows:

	<u>Balance at May 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at April 30, 2014</u>	<u>Due Within One Year</u>
Governmental activities					
First State Bank of Bloomington loan	\$ 42,549	\$ -	\$ 11,791	\$ 30,758	\$ 12,079
Business-type activities					
Water fund					
Illinois Environmental Protection Agency loan	240,987	-	18,281	222,706	22,294
First State Bank of Bloomington loan	-	90,332	8,916	81,416	17,359
United States Department of Agriculture loan	<u>23,574</u>	<u>-</u>	<u>16,699</u>	<u>6,875</u>	<u>6,875</u>
	264,561	90,332	43,896	310,997	46,528
Sewer Fund					
Illinois Environmental Protection Agency loan	5,530,877	-	291,099	5,239,778	291,099
First Financial Bank loan	<u>161,976</u>	<u>-</u>	<u>48,034</u>	<u>113,942</u>	<u>53,860</u>
	<u>5,692,853</u>	<u>-</u>	<u>339,133</u>	<u>5,353,720</u>	<u>344,959</u>
Total business-type activities	<u>\$ 5,957,414</u>	<u>\$ 90,332</u>	<u>\$ 383,029</u>	<u>\$ 5,664,717</u>	<u>\$ 391,487</u>

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Long-term debt activity for the year ended April 30, 2013, was as follows:

	<u>Balance at May 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at April 30, 2013</u>	<u>Due Within One Year</u>
Governmental activities					
First State Bank of Bloomington loan	\$ -	\$ 48,500	\$ 5,951	\$ 42,549	\$ 11,785
Business-type activities					
Water fund					
Illinois Environmental Protection Agency loan	262,183	-	21,196	240,987	21,732
United States Department of Agriculture loan	<u>32,370</u>	<u>27,204</u>	<u>36,000</u>	<u>23,574</u>	<u>23,574</u>
	294,553	27,204	57,196	264,561	45,306
Sewer Fund					
Illinois Environmental Protection Agency loan	4,937,740	730,351	137,214	5,530,877	291,099
First Financial Bank loan	<u>208,032</u>	<u>-</u>	<u>46,056</u>	<u>161,976</u>	<u>53,860</u>
	<u>5,145,772</u>	<u>730,351</u>	<u>183,270</u>	<u>5,692,853</u>	<u>344,959</u>
Total business-type activities	<u>\$ 5,440,325</u>	<u>\$ 757,555</u>	<u>\$ 240,466</u>	<u>\$ 5,957,414</u>	<u>\$ 390,265</u>

First State Bank of Bloomington loan of \$ 30,758 is payable in semi-annual payments of \$ 6,384, including interest of 2.45%, with a maturity date of July 2016. Payments are made from the Streets, Alleys and Sidewalks Fund.

Illinois Environmental Protection Agency loan of \$ 222,706 is payable in semi-annual payments of \$ 13,938, including interest of 2.57%, with a maturity date of February 2023. Payments are made from the Water Fund's operating revenues.

First State Bank of Bloomington loan of \$ 81,416 is payable in semi-annual payments of \$ 9,740, including interest of 2.75%, with a maturity date of July 2018. Payments are made from the Water Fund's operating revenues.

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Illinois Environmental Protection Agency loan of \$ 5,239,778 is payable in semi-annual payments of \$ 145,549, zero percent interest, with a maturity date of November 2013. Payments are made from the Sewer Fund's operating revenues.

First Financial Bank loan of \$ 113,942 is payable in quarterly payments of \$ 13,465, including interest of 4%, with a maturity date of June 2016. Payments are made from the Sewer Fund's operating revenues.

The annual debt service requirements to maturity for long-term debt are as follows:

Governmental Activities

Governmental Activities

Year ending April 30	Note Payable	
	Principal	Interest
2015	\$ 12,079	\$ 656
2016	12,381	386
2017	6,298	86
	<u>\$ 30,758</u>	<u>\$ 1,128</u>

Business-Type Activities

Year ending April 30	Water Fund		Water Fund	
	IL EPA Loan		Note Payable	
	Principal	Interest	Principal	Interest
2015	\$ 22,294	\$ 5,581	\$ 17,359	\$ 2,115
2016	22,871	5,005	17,840	1,634
2017	23,462	4,413	18,333	1,140
2018	24,069	3,806	18,841	633
2019	24,692	3,184	9,043	694
2020 - 2023	105,318	6,185	-	-
	<u>\$ 222,706</u>	<u>\$ 28,174</u>	<u>\$ 81,416</u>	<u>\$ 6,216</u>

Year ending April 30	Sewer Fund			
	IL EPA Loan		Note Payable	
	Principal	Interest	Principal	Interest
2015	\$ 291,099	\$ -	\$ 51,365	\$ 3,623
2016	291,099	-	53,458	1,530
2017	291,099	-	9,119	46
2018	291,099	-	-	-
2019	291,099	-	-	-
2019 - 2023	1,455,494	-	-	-
2024 - 2028	1,455,494	-	-	-
2029 - 2033	873,295	-	-	-
	<u>\$ 5,239,778</u>	<u>\$ -</u>	<u>\$ 113,942</u>	<u>\$ 5,199</u>

Village of Downs, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014 and 2013

NOTE 6 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village currently reports all its risk management activities in its General Fund. The Village has acquired commercial insurance to cover risk of loss that may occur in the normal course of business.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition and disclosure in the financial statements through October 1, 2014. Through October 1, 2014, no subsequent events required recognition or disclosure in the financial statements.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

Certain errors resulting in an overstatement of previously reported notes payable were discovered during the fiscal year ending April 30, 2013. Accordingly, an adjustment of \$ 54,123 was made during fiscal year ending April 30, 2013 to adjust notes payable as of the beginning of the year. A corresponding entry was made to reduce previously reported retained earnings by \$ 54,123.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended April 30, 2014

	Original/ Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property tax	\$ 84,235	\$ 65,967	\$ (18,268)
Sales tax	25,000	23,984	(1,016)
State income tax	75,000	95,972	20,972
State replacement tax	2,600	3,543	943
Cable tax	1,000	756	(244)
Video gaming tax	-	1,528	1,528
Use tax	14,000	17,598	3,598
Total taxes	201,835	209,348	7,513
Charges for services	50,500	48,030	(2,470)
Permits and fees	4,900	7,074	2,174
License income	1,400	2,039	639
Police - fines	1,000	2,939	1,939
Police loan/grant	12,500	-	(12,500)
Interest income	250	357	107
Other	4,360	874	(3,486)
Total revenue	276,745	270,661	(6,084)
EXPENDITURES			
Employee salaries	67,500	71,282	3,782
Elected/appointed salaries	46,100	40,907	(5,193)
Insurance benefits	200	105	(95)
Payroll taxes	7,525	4,240	(3,285)
Maintenance services	7,500	338	(7,162)
Police supplies	1,000	(2)	(1,002)
Professional services	35,300	27,403	(7,897)
Communication expenses	4,300	2,817	(1,483)
Professional development	2,450	2,319	(131)
Service charges	59,000	54,887	(4,113)
Contractual services	21,200	15,527	(5,673)
Maintenance supplies	6,800	3,547	(3,253)
General supplies	4,800	18,186	13,386
Fiscal agent fees	170	192	22
Capital outlay	35,284	5,253	(30,031)
DCCC/Fireworks	2,500	2,500	-
Other	1,800	-	(1,800)
Total expenditures	303,429	249,501	(53,928)
Excess (deficiency) of revenues over expenditures	(26,684)	21,160	47,844
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	40,000	-	(40,000)
Transfers to other funds	(10,000)	(17,360)	(7,360)
Total other financing sources (uses)	30,000	(17,360)	(47,360)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 3,316	3,800	\$ 484
FUND BALANCE, BEGINNING OF YEAR		173,134	
FUND BALANCE, END OF YEAR		\$ 176,934	

See Independent Auditors' Report.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended April 30, 2013

	Original/ Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property tax	\$ 81,387	\$ 79,091	\$ (2,296)
Sales tax	25,000	25,038	38
State income tax	65,000	95,091	30,091
State replacement tax	2,500	2,667	167
Cable tax	1,200	726	(474)
Use tax	14,000	15,934	1,934
Total taxes	189,087	218,547	29,460
Charges for services	50,500	47,399	(3,101)
Permits and fees	4,200	2,125	(2,075)
License income	1,400	1,301	(99)
Police - fines	1,500	297	(1,203)
Police loan/grant	12,500	-	(12,500)
Interest income	200	316	116
Other	4,060	510	(3,550)
Total revenue	263,447	270,495	7,048
EXPENDITURES			
Employee salaries	49,100	45,234	(3,866)
Elected/appointed salaries	49,100	45,360	(3,740)
Insurance benefits	200	105	(95)
Payroll taxes	7,525	6,044	(1,481)
Maintenance services	43,500	-	(43,500)
Police supplies	200	100	(100)
Professional services	24,900	23,327	(1,573)
Communication expenses	4,150	2,394	(1,756)
Professional development	1,900	1,187	(713)
Service charges	59,000	50,231	(8,769)
Contractual services	13,200	19,817	6,617
Maintenance supplies	11,800	4,083	(7,717)
General supplies	4,800	8,640	3,840
Fiscal agent fees	170	178	8
Capital outlay	23,584	34,014	10,430
DCCC/Fireworks	2,500	2,500	-
Other	2,300	-	(2,300)
Total expenditures	297,929	243,214	(54,715)
Excess (deficiency) of revenues over expenditures	(34,482)	27,281	61,763
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	40,000	34,014	(5,986)
Transfers to other funds	(26,809)	(10,313)	16,496
Total other financing sources (uses)	13,191	23,701	10,510
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (21,291)</u>	50,982	<u>\$ 72,273</u>
FUND BALANCE, BEGINNING OF YEAR		<u>122,152</u>	
FUND BALANCE, END OF YEAR		<u>\$ 173,134</u>	

See Independent Auditors' Report.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DOWNTOWN TIF I FUND
For the Year Ended April 30, 2014

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Property tax	\$ 120,000	\$ 134,275	\$ 14,275
Interest	200	195	(5)
	<u>120,200</u>	<u>134,470</u>	<u>14,270</u>
EXPENDITURES			
Administration	3,000	36	(2,964)
Legal service	25,000	700	(24,300)
Fiscal agent fees	25	-	(25)
Development reimbursements	<u>319,000</u>	<u>72,310</u>	<u>(246,690)</u>
	<u>347,025</u>	<u>73,046</u>	<u>(273,979)</u>
Excess (deficiency) of revenues over expenditures	(226,825)	61,424	288,249
OTHER FINANCING USES			
Transfers to other funds	<u>-</u>	<u>(10,500)</u>	<u>(10,500)</u>
Excess of revenues over expenditures and other financing uses	<u>\$ (226,825)</u>	50,924	<u>\$ 277,749</u>
FUND BALANCE, BEGINNING OF YEAR		<u>227,100</u>	
FUND BALANCE, END OF YEAR		<u>\$ 278,024</u>	

See Independent Auditors' Report.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL
DOWNTOWN TIF I FUND
For the Year Ended April 30, 2013

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Property tax	\$ 133,000	\$ 134,766	\$ 1,766
Interest	100	257	157
Total revenue	133,100	135,023	1,923
EXPENDITURES			
Administration	300	31	(269)
Legal service	25,000	450	(24,550)
Fiscal agent fees	25	-	(25)
Development reimbursements	308,000	53,639	(254,361)
Total expenditures	333,325	54,120	(279,205)
Excess (deficiency) of revenues over expenditures	(200,225)	80,903	281,128
OTHER FINANCING USES			
Transfers to other funds	-	(57,458)	(57,458)
Excess of revenues over expenditures and other financing uses	<u>\$ (200,225)</u>	23,445	<u>\$ 223,670</u>
FUND BALANCE, BEGINNING OF YEAR		<u>203,655</u>	
FUND BALANCE, END OF YEAR		<u>\$ 227,100</u>	

See Independent Auditors' Report.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DOWNS CROSSING TIF II FUND
For the Year Ended April 30, 2014

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Property tax	\$ 158,000	\$ 159,683	\$ 1,683
Interest	350	181	(169)
Total revenue	158,350	159,864	1,514
EXPENDITURES			
Administration	3,000	-	(3,000)
Legal service	10,000	1,290	(8,710)
Postage	50	-	(50)
Fiscal agent fees	50	36	(14)
Development reimbursements	552,000	179,435	(372,565)
Total expenditures	565,100	180,761	(384,339)
Excess (deficiency) of revenues over expenditures	(406,750)	(20,897)	385,853
OTHER FINANCING USES			
Transfers to other funds	-	(126,897)	(126,897)
Excess of revenues over expenditures and other financing uses	<u>\$ (406,750)</u>	(147,794)	<u>\$ 258,956</u>
FUND BALANCE, BEGINNING OF YEAR		<u>407,219</u>	
FUND BALANCE, END OF YEAR		<u>\$ 259,425</u>	

See Independent Auditors' Report.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
BUDGET AND ACTUAL
DOWNS CROSSING TIF II FUND
For the Year Ended April 30, 2013

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Property tax	\$ 155,000	\$ 156,618	\$ 1,618
Interest	100	377	277
Total revenue	155,100	156,995	1,895
EXPENDITURES			
Administration	3,000	-	(3,000)
Legal service	20,000	450	(19,550)
Postage	50	-	(50)
Fiscal agent fees	50	31	(19)
Development reimbursements	465,363	82,670	(382,693)
Total expenditures	488,463	83,151	(405,312)
Excess (deficiency) of revenues over expenditures	<u>\$ (333,363)</u>	73,844	<u>\$ 407,207</u>
FUND BALANCE, BEGINNING OF YEAR		<u>333,375</u>	
FUND BALANCE, END OF YEAR		<u>\$ 407,219</u>	

See Independent Auditors' Report.

Village of Downs, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2014 and 2013

NOTE 1 – BASIS OF ACCOUNTING

Annual budgets are adopted for all governmental funds using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

NOTE 2 – EXCESS OF DISBURSEMENTS OVER APPROPRIATIONS

No major funds had an excess of disbursements over appropriations.

SUPPLEMENTARY FINANCIAL INFORMATION

Village of Downs, Illinois
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
April 30, 2014

	Motor Fuel Tax	Christmas Committee	Streets, Alleys and Sidewalks	Park Committee	Young Adults	Village Market	Total
ASSETS							
Cash	\$ 17,149	\$ 913	\$ 12,857	\$ 8,221	\$ 5,916	\$ 1,598	\$ 46,654
Taxes receivable	-	-	19,380	-	-	-	19,380
TOTAL ASSETS	<u>\$ 17,149</u>	<u>\$ 913</u>	<u>\$ 32,237</u>	<u>\$ 8,221</u>	<u>\$ 5,916</u>	<u>\$ 1,598</u>	<u>\$ 66,034</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 11,604	1,458	\$ -	605	\$ 13,667
Deferred Inflows of Resources							
Deferred revenue	-	-	19,380	-	-	-	19,380
Fund Balance							
Restricted							
Maintenance of roadways	17,149	-	-	-	-	-	17,149
Unrestricted							
Unassigned	-	913	1,253	6,763	5,916	993	15,838
Total Fund Balance	<u>17,149</u>	<u>913</u>	<u>1,253</u>	<u>6,763</u>	<u>5,916</u>	<u>993</u>	<u>32,987</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 17,149</u>	<u>\$ 913</u>	<u>\$ 32,237</u>	<u>\$ 8,221</u>	<u>\$ 5,916</u>	<u>\$ 1,598</u>	<u>\$ 66,034</u>

See Independent Auditors' Report.

Village of Downs, Illinois
COMBINING BALANCE SHEET - CONTINUED
NONMAJOR SPECIAL REVENUE FUNDS
April 30, 2013

	Motor Fuel Tax	Christmas Committee	Streets, Alleys and Sidewalks	Park Committee	Young Adults	Village Market	Total
ASSETS							
Cash	\$ 17,397	\$ 1,371	\$ 20,418	\$ 6,116	\$ 10,338	\$ 1,535	\$ 57,175
Taxes receivable	-	-	18,986	-	-	-	18,986
TOTAL ASSETS	<u>\$ 17,397</u>	<u>\$ 1,371</u>	<u>\$ 39,404</u>	<u>\$ 6,116</u>	<u>\$ 10,338</u>	<u>\$ 1,535</u>	<u>\$ 76,161</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 2,012	\$ -	\$ -	\$ -	\$ 2,012
Accrued payroll liabilities	-	-	-	-	22	-	22
Total Liabilities	-	-	2,012	-	22	-	2,034
Deferred Inflows of Resources							
Deferred revenue	-	-	18,986	-	-	-	18,986
Fund Balance							
Restricted							
Maintenance of roadways	17,397	-	-	-	-	-	17,397
Unrestricted							
Unassigned	-	1,371	18,406	6,116	10,316	1,535	37,744
Total Fund Balance	<u>17,397</u>	<u>1,371</u>	<u>18,406</u>	<u>6,116</u>	<u>10,316</u>	<u>1,535</u>	<u>55,141</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 17,397</u>	<u>\$ 1,371</u>	<u>\$ 39,404</u>	<u>\$ 6,116</u>	<u>\$ 10,338</u>	<u>\$ 1,535</u>	<u>\$ 76,161</u>

See Independent Auditors' Report.

Village of Downs, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended April 30, 2014

	Motor Fuel Tax	Christmas Committee	Streets, Alleys and Sidewalks	Park Committee	Young Adults	Village Market	Total
REVENUES							
Taxes							
Property taxes	\$ -	\$ -	\$ 18,524	\$ -	\$ -	\$ -	\$ 18,524
Motor fuel taxes	28,057	-	-	-	-	-	28,057
Total taxes	28,057	-	18,524	-	-	-	46,581
Donations	-	127	-	75	-	1,032	1,234
Interest	10	-	11	4	-	1	26
Other	-	427	2,042	3,267	165	2,959	8,860
Total revenues	28,067	554	20,577	3,346	165	3,992	56,701
EXPENDITURES							
General government	-	1,012	-	4,799	4,565	4,534	14,910
Streets	28,315	-	26,619	-	-	-	54,934
Capital outlay	-	-	14,122	-	-	-	14,122
Debt service	-	-	11,790	-	-	-	11,790
Principal	-	-	959	-	-	-	959
Interest	-	-	-	-	-	-	-
Total expenditures	28,315	1,012	53,490	4,799	4,565	4,534	96,715
Excess (deficiency) of revenues over expenditures	(248)	(458)	(32,913)	(1,453)	(4,400)	(542)	(40,014)
OTHER FINANCING SOURCES							
Transfers from other funds	-	-	15,760	2,100	-	-	17,860
Excess (deficiency) of revenues and other financing sources over expenditures	(248)	(458)	(17,153)	647	(4,400)	(542)	(22,154)
FUND BALANCE, BEGINNING OF YEAR	17,397	1,371	18,406	6,116	10,316	1,535	55,141
FUND BALANCE, END OF YEAR	\$ 17,149	\$ 913	\$ 1,253	\$ 6,763	\$ 5,916	\$ 993	\$ 32,987

See Independent Auditors' Report.

Village of Downs, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended April 30, 2013

REVENUES	Motor Fuel Tax	Christmas Committee	Streets, Alleys and Sidewalks	Park Committee	Young Adults	Village Market	Total
Taxes							
Property taxes	\$ -	\$ -	\$ 18,878	\$ -	\$ -	\$ -	\$ 18,878
Motor fuel taxes	25,509	-	-	-	-	-	25,509
Total taxes	25,509	-	18,878	-	-	-	44,387
Donations	-	669	-	1,867	-	1,002	3,538
Interest	13	1	21	7	-	2	44
Other	-	745	207	6,380	8,499	3,115	18,946
Total revenues	25,522	1,415	19,106	8,254	8,499	4,119	66,915
EXPENDITURES							
General government	-	1,870	-	10,449	6,819	4,644	23,782
Streets	22,589	-	16,943	-	-	-	39,532
Capital outlay	-	-	48,500	-	-	-	48,500
Debt service	-	-	5,951	-	-	-	5,951
Principal	-	-	436	-	-	-	436
Interest	-	-	-	-	-	-	-
Total expenditures	22,589	1,870	71,830	10,449	6,819	4,644	118,201
Excess (deficiency) of revenues over expenditures	2,933	(455)	(52,724)	(2,195)	1,680	(525)	(51,286)
OTHER FINANCING SOURCES							
Debt proceeds	-	-	48,500	-	-	-	48,500
Transfers from other funds	-	-	8,000	-	-	-	8,000
Total other financing sources	-	-	56,500	-	-	-	56,500
Excess (deficiency) of revenues and other financing sources over expenditures	2,933	(455)	3,776	(2,195)	1,680	(525)	5,214
FUND BALANCE, BEGINNING OF YEAR	14,464	1,826	14,630	8,311	8,636	2,060	49,927
FUND BALANCE, END OF YEAR	\$ 17,397	\$ 1,371	\$ 18,406	\$ 6,116	\$ 10,316	\$ 1,535	\$ 55,141

See Independent Auditors' Report.

Village of Downs, Illinois
COMBINING STATEMENT OF NET POSITION
WATER FUND
April 30, 2014

	Water	Water Maintenance	Total
ASSETS			
Current Assets			
Cash	\$ 120,012	\$ 6,303	\$ 126,315
Restricted cash	25,706	-	25,706
Other receivable	60	-	60
	<hr/>	<hr/>	<hr/>
Total current assets	145,778	6,303	152,081
Noncurrent Assets			
Capital assets			
Land	59,000	-	59,000
Capital assets, net of accumulated depreciation	527,601	-	527,601
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	586,601	-	586,601
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u><u>\$ 732,379</u></u>	<u><u>\$ 6,303</u></u>	<u><u>\$ 738,682</u></u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 5,989	\$ -	\$ 5,989
Accrued payroll taxes	2,123	-	2,123
Customer deposits	25,930	-	25,930
Current portion of notes payable	46,528	-	46,528
	<hr/>	<hr/>	<hr/>
Total current liabilities	80,570	-	80,570
Noncurrent Liabilities			
Notes payable	264,469	-	264,469
	<hr/>	<hr/>	<hr/>
Total Liabilities	345,039	-	345,039
Net Position			
Investment in capital assets, net of related debt	275,604	-	275,604
Unrestricted	111,736	6,303	118,039
	<hr/>	<hr/>	<hr/>
Total Net Position	387,340	6,303	393,643
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 732,379</u></u>	<u><u>\$ 6,303</u></u>	<u><u>\$ 738,682</u></u>

See Independent Auditors' Report.

Village of Downs, Illinois
COMBINING STATEMENT OF NET POSITION - CONTINUED
WATER FUND
April 30, 2013

	<u>Water</u>	<u>Water Maintenance</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 113,635	\$ 11,580	\$ 125,215
Restricted cash	24,846	-	24,846
	<hr/>	<hr/>	<hr/>
Total current assets	138,481	11,580	150,061
Noncurrent Assets			
Capital assets			
Land	59,000	-	59,000
Capital assets, net of accumulated depreciation	559,496	-	559,496
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	618,496	-	618,496
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u><u>\$ 756,977</u></u>	<u><u>\$ 11,580</u></u>	<u><u>\$ 768,557</u></u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 1,804	\$ -	\$ 1,804
Accrued payroll taxes	1,942	-	1,942
Customer deposits	24,848	-	24,848
Current portion of notes payable	45,306	-	45,306
	<hr/>	<hr/>	<hr/>
Total current liabilities	73,900	-	73,900
Noncurrent Liabilities			
Notes payable	219,255	-	219,255
	<hr/>	<hr/>	<hr/>
Total Liabilities	293,155	-	293,155
Net Position			
Investment in capital assets, net of related debt	353,935	-	353,935
Unrestricted	109,887	11,580	121,467
	<hr/>	<hr/>	<hr/>
Total Net Position	463,822	11,580	475,402
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 756,977</u></u>	<u><u>\$ 11,580</u></u>	<u><u>\$ 768,557</u></u>

See Independent Auditors' Report.

Village of Downs, Illinois
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
WATER FUND
For the Year Ended April 30, 2014

	<u>Water</u>	<u>Water Maintenance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 141,360	\$ -	\$ 141,360
Miscellaneous	546	-	546
	<hr/>	<hr/>	<hr/>
Total operating revenues	141,906	-	141,906
OPERATING EXPENSES			
Operating, maintenance, general, and administrative expenses	209,458	12,000	221,458
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) BEFORE DEPRECIATION	(67,552)	(12,000)	(79,552)
DEPRECIATION	31,895	-	31,895
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(99,447)	(12,000)	(111,447)
NONOPERATING REVENUES (EXPENSES)			
Interest income	79	3	82
Interest expense	(10,631)	-	(10,631)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(10,552)	3	(10,549)
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	(109,999)	(11,997)	(121,996)
TRANSFERS IN	33,517	6,720	40,237
	<hr/>	<hr/>	<hr/>
INCREASE IN NET POSITION	(76,482)	(5,277)	(81,759)
NET POSITION, BEGINNING OF YEAR	463,822	11,580	475,402
	<hr/>	<hr/>	<hr/>
NET POSITION, END OF YEAR	<u>\$ 387,340</u>	<u>\$ 6,303</u>	<u>\$ 393,643</u>

See Independent Auditors' Report.

Village of Downs, Illinois
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED
WATER FUND
For the Year Ended April 30, 2013

	<u>Water</u>	<u>Water Maintenance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 122,638	\$ -	\$ 122,638
Miscellaneous	4,014	-	4,014
	<hr/>	<hr/>	<hr/>
Total operating revenues	126,652	-	126,652
OPERATING EXPENSES			
Operating, maintenance, general, and administrative expenses	121,265	6,090	127,355
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) BEFORE DEPRECIATION	5,387	(6,090)	(703)
DEPRECIATION	30,958	-	30,958
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(25,571)	(6,090)	(31,661)
NONOPERATING REVENUES (EXPENSES)			
Interest income	46	12	58
Interest expense	(6,680)	-	(6,680)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(6,634)	12	(6,622)
	<hr/>	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	(32,205)	(6,078)	(38,283)
TRANSFERS IN	128,081	6,720	134,801
	<hr/>	<hr/>	<hr/>
INCREASE IN NET POSITION	95,876	642	96,518
NET POSITION, BEGINNING OF YEAR	367,946	10,938	378,884
	<hr/>	<hr/>	<hr/>
NET POSITION, END OF YEAR	<u>\$ 463,822</u>	<u>\$ 11,580</u>	<u>\$ 475,402</u>

See Independent Auditors' Report.



348 Williams Lane - Chatham, Illinois 62629 - ph (217) 697-8166 - fax (866) 507-3839

Independent Auditors' Report on Compliance with State of Illinois Public Act 85-1142

To the Board of Trustees
Village of Downs, Illinois

We have audited the basic financial statements of the Village of Downs, Illinois as of and for the years ended April 30, 2014 and 2013, and have issued our report thereon dated October 1, 2014. The basic financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have also audited the Village's compliance with the provisions of subsection (q) of Illinois Compiled Statutes 65 (ILCS) 5/11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the years ended April 30, 2014 and 2013 for the Downtown TIF I Fund and the Downs Crossing TIF II Fund. Compliance with the requirements referred to above is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance 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 noncompliance with the compliance requirements referred to above could have a material effect on the Downtown TIF I Fund or the Downs Crossing TIF II Fund. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Downs, Illinois complied, in all material respects, with the aforementioned requirements for the years ended April 30, 2014 and 2013.

This report is intended solely for the information and use of the Board of Trustees, management and the Illinois Department of Revenue, Illinois State Comptroller's Office and should not be used by anyone other than those specified parties.

Canny Accounting, LLC

Chatham, Illinois
October 1, 2014

Village of Downs, Illinois
BALANCE SHEET
TAX INCREMENT FINANCING FUNDS
April 30, 2014

	Downtown TIF I	Downs Crossing TIF II	Total
ASSETS			
Cash	\$ 292,100	\$ 259,525	\$ 551,625
Taxes receivable	135,616	156,731	292,347
TOTAL ASSETS	<u>\$ 427,716</u>	<u>\$ 416,256</u>	<u>\$ 843,972</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 14,076	100	\$ 14,176
Deferred Inflows of Resources			
Deferred revenue	135,616	156,731	292,347
Fund Balance			
Restricted for economic development	<u>278,024</u>	<u>259,425</u>	<u>537,449</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 427,716</u>	<u>\$ 416,256</u>	<u>\$ 843,972</u>

See Independent Auditors' Report.

Village of Downs, Illinois
BALANCE SHEET - CONTINUED
TAX INCREMENT FINANCING FUNDS
April 30, 2013

	Downtown TIF I	Downs Crossing TIF II	Total
ASSETS			
Cash	\$ 227,100	\$ 407,219	\$ 634,319
Taxes receivable	134,435	159,681	294,116
TOTAL ASSETS	<u>\$ 361,535</u>	<u>\$ 566,900</u>	<u>\$ 928,435</u>
LIABILITIES, DEFERRED INFOWS OF RESOURCES AND FUND BALANCE			
Deferred Inflows of Resources			
Deferred revenue	\$ 134,435	\$ 159,681	\$ 294,116
Fund Balance			
Restricted for economic development	<u>227,100</u>	<u>407,219</u>	<u>634,319</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 361,535</u>	<u>\$ 566,900</u>	<u>\$ 928,435</u>

See Independent Auditors' Report.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TAX INCREMENT FINANCING FUNDS
For the Year Ended April 30, 2014

	Downtown TIF I	Downs Crossing TIF II	Total
REVENUES			
Property tax	\$ 134,275	\$ 159,683	\$ 293,958
Interest	195	181	376
	<hr/>	<hr/>	<hr/>
Total revenue	134,470	159,864	294,334
EXPENDITURES			
Administration	36	-	36
Legal service	700	1,290	1,990
Fiscal agent fees	-	36	36
Development reimbursements	82,810	306,332	389,142
	<hr/>	<hr/>	<hr/>
Total expenditures	83,546	307,658	391,204
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	50,924	(147,794)	(96,870)
FUND BALANCE, BEGINNING OF YEAR	<hr/> 227,100	<hr/> 407,219	<hr/> 634,319
FUND BALANCE, END OF YEAR	<hr/> <u>\$ 278,024</u>	<hr/> <u>\$ 259,425</u>	<hr/> <u>\$ 537,449</u>

See Independent Auditors' Report.

Village of Downs, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - CONTINUED
TAX INCREMENT FINANCING FUNDS
For the Year Ended April 30, 2013

	Downtown TIF I	Downs Crossing TIF II	Total
REVENUES			
Property tax	\$ 134,766	\$ 156,618	\$ 291,384
Interest	257	377	634
	<hr/>	<hr/>	<hr/>
Total revenue	135,023	156,995	292,018
EXPENDITURES			
Administration	31	-	31
Legal service	450	450	900
Fiscal agent fees	-	31	31
Development reimbursements	111,097	82,670	193,767
	<hr/>	<hr/>	<hr/>
Total expenditures	111,578	83,151	194,729
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	23,445	73,844	97,289
FUND BALANCE, BEGINNING OF YEAR	<hr/> 203,655	<hr/> 333,375	<hr/> 537,030
FUND BALANCE, END OF YEAR	<hr/> <hr/> \$ 227,100	<hr/> <hr/> \$ 407,219	<hr/> <hr/> \$ 634,319

See Independent Auditors' Report.