

VILLAGE OF CALUMET PARK

Annual Financial Report

For the Year Ended April 30, 2012

Administrative Offices

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Omara Fonseca – Village Clerk
Mary Ryan – Village Services Director
Ella Bedford - Treasurer
Burton Odelson – Village Attorney

Trustees

Felix A. Laskey
Robert L. Turner
Dorothy P. Wiggins
Darryl Carter
Cynthia M. Potts

**Village of Calumet Park
Annual Financial Report
For the Year Ended April 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

Selden Fox, LTD.

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Board of Trustees
Village of Calumet Park
Calumet Park, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, fiduciary activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and the statement of revenues, expenditures and changes in fund balance – budget and actual for the General Fund and major Special Revenue Funds of the **Village of Calumet Park** as of and for the year ended April 30, 2012, which collectively comprise the basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note V.C.3. to the financial statements, management did not obtain an actuarial valuation for the police pension plan in the current or prior year. Management has recorded a liability for the net pension obligation as of April 30, 2010, but did not record an adjustment for any change in the liability in the current or prior year. Accounting principles generally accepted in the United States of America require the cost of providing pension benefits to be accrued as a liability and expense as employees earn the right to the benefits. The change in this liability each year would either increase or decrease the change in net assets of governmental activities. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities is not reasonably determinable.

Management has not recorded a liability for certain other post-employment benefit costs and obligations, and accordingly has not recorded an adjustment to beginning net assets and an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require the cost of providing other post-employment benefits to be accrued as a liability and expense as employees earn the right to the benefits, which would increase the liabilities, reduce the net assets, and change the expenses of governmental and business-type activities, and proprietary funds. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental and business-type activities, and the Water Fund is not reasonably determinable.

In our opinion, except for the effects of not adjusting the liability for the net pension obligation of the police pension fund as described in the second preceding paragraph, and for not recording a liability for certain other post-employment benefit costs and for not recording an adjustment to beginning net assets and the current period change in that liability in the governmental and business-type activities and

proprietary fund activities, as described in the previous paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, fiduciary activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Calumet Park at April 30, 2012, and the results of its operations and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2013 on our consideration of the Village of Calumet Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 – 12) and the schedules of funding progress (pages 61 - 63) 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 inquiry of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information and other financial schedules as listed in the accompanying table of contents and the schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect of not recording a liability for certain other post-employment benefit costs and obligations in the Water Fund, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Calumet Park's financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Selden Fox, Ltd.

March 4, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Calumet Park, Illinois
Management's Discussion and Analysis
April 30, 2012

The Village of Calumet Park offers readers of the Village's financial statements this narrative overview and analysis of the financial activity of the Village of Calumet Park for the fiscal year ended April 30, 2012.

Financial Highlights

The assets of the Village of Calumet Park exceeded its liabilities at the close of the most recent fiscal year by \$9,352,828 (*net assets*). Of this amount, \$8,450,783 is invested in capital assets net of related debt, and \$7,534,536 is restricted for other purposes. The Village's unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors, were at a deficit of \$6,632,491. Included within this deficit are amounts that will be needed to make future principal and interest payments on tax increment bond issues, which will be funded through future property taxes and incremental tax revenue, received from the Village's Tax Increment Financing Districts. The liability for the debt is included in the statement of net assets, but only the portion of the future tax receipts already levied has been included.

- The government's total net assets increased by \$1,956,378, which consisted of an increase in governmental activities net assets of \$2,500,506 and a decrease in business-type activities net assets of \$544,128.
- As of the close of the current fiscal year, the Village of Calumet Park's governmental funds reported combined ending fund balances of \$11,745,980, an increase of \$366,322 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$3,577,232, an increase of \$79,975 from the prior year.
- The Village of Calumet Park's total outstanding general obligation bonds decreased by \$1,170,000 during the current fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Village of Calumet Park's finances, in a manner similar to a private sector business.

Overview of the Financial Statements (cont'd)

Government-wide Financial Statements (cont'd)

The statement of net assets presents information on all of the Village of Calumet Park's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Calumet Park is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Calumet Park that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion of, their costs through user fees and charges (business-type activities). The governmental activities of the Village of Calumet Park include general government, public safety, public works, building, legal, culture and recreation, and interest on long-term debt. The business-type activities of the Village of Calumet Park include water, sewer and refuse activity.

The government-wide financial statements include not only the Village of Calumet Park itself (known as the primary government), but also the Village's component units. The Village of Calumet Park Police Pension Plan is a blended component unit reported as a fiduciary fund. The Village of Calumet Park Public Library is a legally separate component unit (discretely presented) for which the Village of Calumet Park is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 through 15 of this report.

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Overview of the Financial Statements (cont'd)

Governmental Funds (cont'd)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

The Village of Calumet Park maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, two Special Revenue Funds, the TIF 1 and TIF 2 Funds, and the Capital Projects Fund, which collectively comprise the major funds. Data from the other fifteen governmental funds (911 Fund, DCEO Grant Fund, Federal Law Enforcement Fund, Justice Assistance Grant I Fund, Justice Assistance Grant II Fund, Motor Fuel Tax Fund, Police Evidence Fund, School District 132 Grant Fund, State Law Enforcement Fund, TIF 3 Fund, TIF 4 Fund, TIF 5 Fund, Tobacco Enforcement Fund, CDBG Fund, and Debt Service Fund) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplemental section in this report.

The Village of Calumet Park adopts an annual appropriated budget for all funds but the following nonmajor Special Revenue Funds – Federal Law Enforcement, Justice Assistance Grant I, Police Evidence, School District 132 Grant, State Law Enforcement and Tobacco Enforcement Funds. A budgetary comparison statement has been provided for the General Fund and major special revenue funds within the basic financial statements to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 through 26 of this report.

Proprietary Funds – The Village of Calumet Park maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village of Calumet Park uses three separate enterprise funds to account for its water, sewer and refuse operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Water Fund, Sewer Fund, and the Refuse Fund, which are the only proprietary funds of the Village of Calumet Park, and which are all considered major funds. The basic proprietary fund financial statements can be found on pages 27 through 29 of this report.

The Village of Calumet Park adopts an annual appropriated budget for its Enterprise Funds. A budgetary comparison schedule has been provided for the Water, Sewer and Refuse Funds in the supplemental section in this report.

Overview of the Financial Statements (cont'd)

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the Village of Calumet Park's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village's fiduciary funds consist of a Pension Trust Fund and an Agency Fund.

The basic fiduciary fund financial statements can be found on pages 30 and 31 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 60 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village of Calumet Park's progress in funding its obligation to provide pension benefits to its employees, as well as historical data on revenues by source and expenses by type for its single employer Police Pension Fund. Required supplementary information can be found on pages 61 through 63 of this report.

A General Fund detailed schedule of expenditures – budget and actual, the combining statements referred to earlier in connection with nonmajor governmental funds, detailed schedule of revenues, expenses and changes in fund net assets – budget and actual for the nonmajor governmental fund and the enterprise fund, a schedule of changes in assets and liabilities for the Agency Fund, and detail schedules of long-term liabilities are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 64 through 83 of this report. Some general property tax data is included in the statistical section of this report on page 91.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Calumet Park, assets exceeded liabilities by \$9,352,828 at the close of the most recent fiscal year.

By far the largest portion of the Village of Calumet Park's net assets reflects its investment in capital assets (e.g., land, buildings and improvements, equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The Village of Calumet Park uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Calumet Park's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (cont'd)

An additional portion of the Village of Calumet Park's net assets represents resources that are subject to external restrictions, established by either law, grant agreement or contractual obligation, on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

Village of Calumet Park Condensed Statement of Net Assets For the Years Ended April 30, (in millions)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 16.3	\$ 16.6	\$.7	\$.6	\$ 17.0	\$ 17.2
Capital assets	6.9	5.2	2.2	2.3	9.1	7.5
Total assets	23.2	21.8	2.9	2.9	26.1	24.7
Long-term liabilities	12.8	13.8	-	-	12.8	13.8
Other liabilities	1.2	1.2	2.7	2.3	3.9	3.5
Total liabilities	14.0	15.0	2.7	2.3	16.7	17.3
Net assets:						
Invested in capital assets, net of related debt	6.3	4.8	2.2	2.3	8.5	7.1
Restricted	7.5	2.4	-	-	7.5	2.4
Unrestricted	(4.6)	(.4)	(2.0)	(1.7)	(6.6)	(2.1)
Total net assets	\$ 9.2	\$ 6.8	\$.2	\$.6	\$ 9.4	\$ 7.4

At the end of the current fiscal year, the Village of Calumet Park is able to report a positive balance in both the governmental and business-type activities' net assets.

Governmental Activities – Governmental activities increased the Village of Calumet Park's net assets by \$2,500,506 (increase of \$1,301,980 in the prior year), despite a reduction in general revenues and charges for services. The improved performance in the current year is due to a reduction in expenses of nearly \$900,000, with the biggest savings seen in public safety, public works and legal costs. The Village also received additional grant revenues in the current year which were used to acquire capital assets, for which the related depreciation expense will be recognized in future years.

Business-type Activities – Business-type activities decreased the Village of Calumet Park's net assets by \$544,128 (decreased \$654,423 in prior year). The current year decrease includes a loss in all three business-type activities, with the largest loss of \$299,442 in the Refuse Fund. The Village is committed to future rate increases to eliminate annual deficits in the business-type activities.

Detail on current year activity follows.

Government-wide Financial Analysis (cont'd)

**Village of Calumet Park
Changes in Net Assets
For the Fiscal Year Ended April 30, 2012
(in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$.7	6.4 %	\$ 1.4	96.7 %	\$ 2.1	17.6 %
Operating/capital grants	1.1	10.5	-	-	1.1	9.3
General revenue:						
Property taxes	5.2	47.9	-	-	5.2	42.2
Other taxes	3.4	30.7	-	-	3.4	27.0
Other revenues	.5	4.5	.1	3.3	.6	3.9
Total revenues	10.9		1.5		12.4	
Expenses:						
Governmental activities:						
General government	1.9	23.0	-	-	1.9	18.5
Public safety	4.1	48.8	-	-	4.1	39.3
Public works	1.2	14.6	-	-	1.2	11.8
Building	.2	1.9	-	-	.2	1.5
Legal	.2	2.3	-	-	.2	1.9
Culture and Recreation	.3	3.8	-	-	.3	3.1
Interest	.5	5.6	-	-	.5	4.5
Business-type:						
Water	-	-	1.2	58.1	1.2	11.4
Sewer	-	-	.2	10.5	.2	2.0
Refuse	-	-	.6	31.4	.6	6.0
Total expenses	8.4		2.0		10.4	
Change in net assets	\$ 2.5		\$ (.5)		\$ 2.0	

Revenues:

- Property taxes decreased 2.4% as there was a decline in the equalized assessed valuation in the current year.
- Income taxes decreased by 8.6% and sales and home rule taxes remained stagnant as the economy continued to suffer through a recession.
- Water and sewer revenues increased as the Village experienced the first full year of the rate increases initiated in the prior fiscal year.

For the most part, changes in expenses reflected the strict adherence to budget and the changes in the demand for services.

Government-wide Financial Analysis (cont'd)

A condensed statement of activities for the year ended April 30, 2011, is shown for comparative purposes.

**Village of Calumet Park
Changes in Net Assets
For the Fiscal Year Ended April 30, 2011
(in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	Amount	% of Totals	Amount	% of Totals	Amount	% of Totals
Program revenues:						
Charges for service	\$.8	7.7 %	\$ 1.2	96.7 %	\$ 2.0	17.1 %
Operating/capital grants	.6	5.9	-	-	.6	5.3
General revenue:						
Property taxes	5.3	50.8	-	-	5.3	45.4
Other taxes	3.3	31.5	-	-	3.3	28.2
Other revenues	.5	4.1	.1	3.3	.6	4.0
Total revenues	10.5		1.3		11.8	
Expenses:						
Governmental activities:						
General government	2.0	22.2	-	-	2.0	18.4
Public safety	4.0	43.6	-	-	4.0	36.1
Public works	1.9	20.0	-	-	1.9	16.6
Building	.2	1.9	-	-	.2	1.6
Legal	.3	3.5	-	-	.3	2.9
Culture and Recreation	.3	3.2	-	-	.3	2.7
Interest	.5	5.6	-	-	.5	4.6
Business-type:						
Water	-	-	1.3	71.3	1.3	12.2
Sewer	-	-	.1	4.3	.1	.7
Refuse	-	-	.5	24.4	.5	4.2
Total expenses	9.2		1.9		11.1	
Change in net assets	\$ 1.3		\$ (.6)		\$.7	

Financial Analysis of the Government's Funds

As noted earlier, the Village of Calumet Park uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the Village of Calumet Park's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village of Calumet Park's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Proprietary Funds – The Village of Calumet Park's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water Fund at the end of the year were at a deficit of \$1,736,701 (deficit of \$1,781,673 in the prior year). The operating loss for the Water Fund in the current year was \$223,323 (decrease of \$575,050 in the prior year). The beginning net assets of the Water Fund

Financial Analysis of the Government's Funds (cont'd)

Proprietary Funds (cont'd)

were adjusted to properly reflect compensated absences payable for certain employees now classified in the Public Works department that had formerly been considered Water Department employees. Other factors concerning the finances of the Water Fund have already been addressed in the discussion of the Village of Calumet Park's business-type activities. The Village created a separate Sewer Fund six years ago, as the Board of Trustees approved a new monthly charge for sewer services as a means of paying a new surcharge put on the Village by the City of Chicago for sewer lines. The Sewer Fund had an operating loss of \$54,192 this year (operating income of \$54,915 in the prior year), as the Village was required to make an additional payment of \$132,800 to the City of Chicago as settlement for prior disputed charges. The Village created a Refuse Fund in the prior year to account for the charges and expense related to garbage pickup previously accounted for in the General Fund. The Refuse Fund had an operating loss of \$299,442 in the current year (operating loss of \$134,294 in the prior year).

General Fund Budgetary Highlights

There were two amendments made to the originally adopted budget by the Village during the current fiscal year, but these amendments did not affect the total appropriation in the General Fund. During the year, actual expenditures came in under budget, which resulted in an increase in the General Fund's fund balance from the beginning of the year to the end of the year, rather than the projected decrease.

	General Fund (in millions)		
	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 3.5	\$ 3.5	\$ 3.4
Intergovernmental	2.5	2.5	2.5
Other	1.2	1.2	1.2
Total	7.2	7.2	7.1
Expenditures:			
Current:			
Administration	1.3	1.3	1.2
Building	.2	.2	.1
Police	2.9	2.9	2.7
Fire	.8	.8	.9
Streets and alleys	1.0	1.0	1.0
Recreation	.3	.3	.3
Pension	.5	.5	.5
Total	7.0	7.0	6.7
Revenues over expenditures	.2	.2	.4
Other financing use – transfer out	(.3)	(.3)	(.3)
Change in fund balance	\$ (.1)	\$ (.1)	\$.1

Capital Asset and Debt Administration

Capital Assets – The Village of Calumet Park’s investment in capital assets for its governmental and business-type activities as of April 30, 2012 and 2011 was \$9,130,739 and \$7,509,384, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, equipment and vehicles. The Village, as a phase three government under GASB 34, has elected to capitalize infrastructure assets (i.e., streets, sidewalks and curbs, land beneath the streets, and bridges) on the statement of net assets on a prospective basis. The total change in the Village of Calumet Park’s investment in capital assets between the current fiscal year and the prior year’s annual report was an increase of 21.6% (33.7% increase for governmental activities and a 5.5% decrease for business-type activities).

The following table presents capital assets at April 30, 2012 and 2011, at net book value.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land	\$ 1.2	\$.6	\$ -	\$ -	\$ 1.2	\$.6
Buildings and improvements	.6	.5	1.9	1.9	2.5	2.4
Infrastructure	3.7	3.3	-	-	3.7	3.3
Equipment	.5	.5	.3	.4	.8	.9
Vehicles	.9	.3	-	-	.9	.3
Total	\$ 6.9	\$ 5.2	\$ 2.2	\$ 2.3	\$ 9.1	\$ 7.5

Additional information on the Village of Calumet Park’s capital assets can be found in Note IV.C. on pages 45 through 47 of this report.

Long-term Debt – At the end of fiscal year 2012, the Village of Calumet Park had total bonded debt outstanding of \$12,240,000 (\$13,410,000 at April 30, 2011). Of this amount, \$2,500,000 represents general obligation bonds, and \$9,740,000 represents general obligation tax increment bonds (\$2,800,000 and \$10,610,000, respectively, at April 30, 2011). All of this bonded debt is backed by the full faith and credit of the government.

Capital Asset and Debt Administration (cont'd)

Long-term Debt (cont'd)

**Village of Calumet Park
Outstanding General Obligation Debt (000's)**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 2.5	\$ 2.8	\$ -	\$ -	\$ 2.5	\$ 2.8
General obligation tax increment bonds	9.7	10.6	-	-	9.7	10.6
	<u>\$ 12.2</u>	<u>\$ 13.4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12.2</u>	<u>\$ 13.4</u>

The Village of Calumet Park's total debt decreased by \$1,170,000 during the current fiscal year (increase of \$1,555,000 in the prior fiscal year). The Village of Calumet Park is a home rule community, and is therefore not limited in the amount of general obligation debt it may issue by any State statute.

Additional information on the Village of Calumet Park's long-term debt can be found in Note IV.E. on pages 49 through 51 of this report.

Summary and Future Considerations

The Village intends to continue to closely monitor expenditures, and allocate resources to areas that best meet the needs of its citizenry. The Village will continue to actively seek out grants and all other available revenue sources. The Village intends to continue to participate in the Community Development Block Grant Program to obtain additional resources to help maintain the infrastructure of the Village.

Request for Information

This financial report is designed to provide a general overview of the Village of Calumet Park's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Treasurer, 12409 South Throop Street, Calumet Park, Illinois 60827.

BASIC FINANCIAL STATEMENTS

**Village of Calumet Park
Statement of Net Assets
April 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
Assets				
Cash and cash equivalents	\$ 9,421,167	\$ 209,700	\$ 9,630,867	\$ 359,981
Receivables	3,818,750	477,478	4,296,228	100,235
Due from primary government	-	-	-	6,881
Due from Fiduciary Funds	4,671	-	4,671	-
Internal balances	2,529,458	(2,529,458)	-	-
Prepaid items	7,500	-	7,500	-
Unamortized bond discount	53,015	-	53,015	-
Deferred bond issuance costs	420,042	-	420,042	-
Capital assets not being depreciated - land	1,245,417	-	1,245,417	-
Capital assets, net of accumulated depreciation:				
Buildings and improvements	579,545	1,854,885	2,434,430	28,035
Infrastructure	3,664,258	-	3,664,258	-
Equipment	545,395	338,268	883,663	4,595
Vehicles	902,971	-	902,971	-
Total assets	23,192,189	350,873	23,543,062	499,727
Liabilities				
Accounts payable and other accrued expenses	183,759	171,319	355,078	3,819
Accrued interest expense	185,089	-	185,089	-
Due to other governments	469,286	-	469,286	-
Due to Fiduciary Fund	305,508	1,300	306,808	-
Due to component unit	6,881	-	6,881	-
Deferred revenue	65,319	-	65,319	-
Noncurrent liabilities:				
Due within one year	1,181,958	-	1,181,958	-
Due in more than one year	11,619,815	-	11,619,815	-
Total liabilities	14,017,615	172,619	14,190,234	3,819
Net Assets				
Invested in capital assets, net of related debt	6,257,630	2,193,153	8,450,783	32,630
Restricted by state statute	5,399,520	-	5,399,520	-
Restricted for grant purpose	85,543	-	85,543	-
Restricted for debt service	229,429	-	229,429	-
Restricted for capital projects	1,820,044	-	1,820,044	-
Unrestricted	(4,617,592)	(2,014,899)	(6,632,491)	463,278
Total net assets	\$ 9,174,574	\$ 178,254	\$ 9,352,828	\$ 495,908

See accompanying notes and independent auditor's report.

**Village of Calumet Park
Statement of Activities
For the Year Ended April 30, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Component Unit Public Library
Primary government:								
Governmental activities:								
General government	\$ 1,920,557	\$ 301,961	\$ -	\$ -	\$ (1,618,596)	\$ -	\$ (1,618,596)	\$ -
Public safety	4,091,341	313,735	32,100	625,419	(3,120,087)	-	(3,120,087)	-
Public works	1,223,557	565	28,270	457,691	(737,031)	-	(737,031)	-
Building	159,681	61,814	-	-	(97,867)	-	(97,867)	-
Legal	194,762	-	-	-	(194,762)	-	(194,762)	-
Culture and recreation	321,706	21,888	-	-	(299,818)	-	(299,818)	-
Interest on long-term debt	467,611	-	-	-	(467,611)	-	(467,611)	-
Total governmental activities	8,379,215	699,963	60,370	1,083,110	(6,535,772)	-	(6,535,772)	-
Business-type activities:								
Water	1,189,191	965,868	-	-	-	(223,323)	(223,323)	-
Sewer	210,135	155,943	-	-	-	(54,192)	(54,192)	-
Refuse	628,026	328,584	-	-	-	(299,442)	(299,442)	-
Total business-type activities	2,027,352	1,450,395	-	-	-	(576,957)	(576,957)	-
Total primary government	\$10,406,567	\$2,150,358	\$ 60,370	\$ 1,083,110	(6,535,772)	(576,957)	(7,112,729)	-
Component unit - Public Library	\$ 207,221	\$ 2,860	\$ 18,715	\$ -	-	-	-	(185,646)
General revenues:								
Property taxes					5,203,677	-	5,203,677	166,198
Replacement taxes					45,401	-	45,401	-
Sales taxes					949,476	-	949,476	-
Income taxes					668,818	-	668,818	-
Motor fuel taxes					233,072	-	233,072	-
Utility taxes					533,696	-	533,696	-
Vehicle fuel taxes					157,457	-	157,457	-
Home rule taxes					561,856	-	561,856	-
Hotel/motel taxes					194,460	-	194,460	-
Real estate transfer stamps					29,620	-	29,620	-
Franchise fees					102,701	-	102,701	-
Unrestricted investment earnings					7,137	166	7,303	259
Miscellaneous					348,907	32,663	381,570	15,360
Total general revenues					9,036,278	32,829	9,069,107	181,817
Change in net assets					2,500,506	(544,128)	1,956,378	(3,829)
Net assets, beginning of the year, as previously reported					6,781,339	615,111	7,396,450	499,737
Prior period restatement of compensated absences payable					(107,271)	107,271	-	-
Net assets, beginning of the year, as restated					6,674,068	722,382	7,396,450	499,737
Net assets, end of the year					\$ 9,174,574	\$ 178,254	\$ 9,352,828	\$ 495,908

See accompanying notes and independent auditor's report.

**Village of Calumet Park
Balance Sheet - Governmental Funds
April 30, 2012**

Assets	<u>General</u>	<u>TIF 1</u>	<u>TIF 2</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 886,967	\$ 671,081	\$ 3,817,177	\$ 1,831,716	\$ 2,214,226	\$ 9,421,167
Accounts receivable	284,788	-	-	-	7,080	291,868
Property taxes receivable	1,571,927	384,355	436,741	-	448,406	2,841,429
Due from other funds	2,787,738	-	-	3,415	194,784	2,985,937
Due from other governments	670,242	-	-	-	15,211	685,453
Prepaid items	7,500	-	-	-	-	7,500
Total assets	\$ 6,209,162	\$ 1,055,436	\$ 4,253,918	\$ 1,835,131	\$ 2,879,707	\$ 16,233,354
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 182,796	\$ 919	\$ 44	\$ -	\$ -	\$ 183,759
Due to other funds	395,363	158,967	61,253	15,087	126,646	757,316
Due to other governments	298,796	-	-	-	170,490	469,286
Due to component unit	6,881	-	-	-	-	6,881
Deferred revenue	1,740,594	382,317	488,974	-	458,247	3,070,132
Total liabilities	2,624,430	542,203	550,271	15,087	755,383	4,487,374
Fund balances:						
Nonspendable	7,500	-	-	-	-	7,500
Spendable:						
Restricted by state statute	-	513,233	3,703,647	-	1,820,728	6,037,608
Restricted for grant purposes	-	-	-	-	85,543	85,543
Restricted for debt service	-	-	-	-	230,044	230,044
Restricted for capital outlay	-	-	-	1,820,044	-	1,820,044
Assigned for police activities	-	-	-	-	24,520	24,520
Unassigned	3,577,232	-	-	-	(36,511)	3,540,721
Total fund balances	3,584,732	513,233	3,703,647	1,820,044	2,124,324	11,745,980
Total liabilities and fund balances	\$ 6,209,162	\$ 1,055,436	\$ 4,253,918	\$ 1,835,131	\$ 2,879,707	\$ 16,233,354

See accompanying notes and independent auditor's report.

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

Total fund balance - governmental funds (page 17)	\$ 11,745,980
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,937,586
Bond issuance costs are amortized over the life of the issue for governmental activities, but expensed in the period paid in the governmental funds.	420,042
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net assets.	3,004,813
Bond premiums are amortized over the life of the issue for governmental activities, but recognized as revenue in the period received in the governmental funds.	(25,108)
Bond discounts are amortized over the life of the issue for governmental activities, but recognized as expense in the period incurred in the governmental funds.	53,015
Some liabilities reported in the statement of net assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These liabilities consist of:	
General obligation bonds payable	(12,240,000)
Compensated absences payable	(513,894)
Net pension obligation	(22,771)
Interest payable	(185,089)
Net assets of governmental activities (page 13)	<u>\$ 9,174,574</u>

See accompanying notes and independent auditor's report.

**Village of Calumet Park
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended April 30, 2012**

	General	TIF 1
Revenues:		
Property taxes	\$ 2,782,602	\$ 348,918
Other taxes	667,114	-
Licenses and permits	355,705	-
Intergovernmental	2,517,499	-
Grant revenue	60,370	-
Fines and forfeitures	154,837	-
Service charges and fees	327,574	-
Interest income	1,315	923
Other	247,423	-
Total revenues	7,114,439	349,841
Expenditures:		
Current:		
Administration	1,209,438	15,972
Building	140,133	-
Police	2,724,542	-
Fire	892,326	-
Street and alley	978,733	-
Recreation	298,908	-
Police Pension	483,833	-
Debt Service:		
Principal	-	-
Interest	-	-
Fees	-	-
Capital outlay	-	-
Miscellaneous	-	-
Total expenditures	6,727,913	15,972
Revenues over (under) expenditures before other financing sources (uses)	386,526	333,869

	TIF 2	Capital Projects	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 2,095,696	\$ -	\$ 650,626	\$ 5,877,842
Other taxes	-	-	-	667,114
Licenses and permits	-	-	-	355,705
Intergovernmental	-	-	233,073	2,750,572
Grant revenue	-	625,419	457,691	1,143,480
Fines and forfeitures	-	-	-	154,837
Service charges and fees	-	-	-	327,574
Interest income	171	1,044	3,684	7,137
Other	-	-	29,346	276,769
Total revenues	2,095,867	626,463	1,374,420	11,561,030
Expenditures:				
Current:				
Administration	19,612	-	14,014	1,259,036
Building	-	-	-	140,133
Police	-	-	296,156	3,020,698
Fire	-	-	-	892,326
Street and alley	-	15	317,917	1,296,665
Recreation	-	-	-	298,908
Police Pension	-	-	-	483,833
Debt Service:				
Principal	840,000	-	330,000	1,170,000
Interest	331,964	-	143,847	475,811
Fees	12,083	-	2,500	14,583
Capital outlay	-	839,790	1,301,841	2,141,631
Miscellaneous	-	-	1,084	1,084
Total expenditures	1,203,659	839,805	2,407,359	11,194,708
Revenues over (under) expenditures before other financing sources (uses)	892,208	(213,342)	(1,032,939)	366,322

(cont'd)

Village of Calumet Park
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds (cont'd)
For the Year Ended April 30, 2012

	General	TIF 1
Other financing sources (uses):		
Transfers in	\$ -	\$ -
Transfers out	(306,551)	-
Total other financing sources (uses)	(306,551)	-
Net changes in fund balances	79,975	333,869
Fund balances, beginning of the year	3,504,757	179,364
Fund balances, end of the year	\$ 3,584,732	\$ 513,233

	TIF 2	Capital Projects	Other Governmental Funds	Total Governmental Funds
	\$ -	\$ -	\$ 382,081	\$ 382,081
	-	(75,530)	-	(382,081)
	-	(75,530)	382,081	-
	892,208	(288,872)	(650,858)	366,322
	2,811,439	2,108,916	2,775,182	11,379,658
	\$ 3,703,647	\$ 1,820,044	\$ 2,124,324	\$ 11,745,980

See accompanying notes and independent auditor's report.

**Village of Calumet Park
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2012**

Amounts reported for governmental activities in the statement of activities (pages 14 and 15) are different because:

Net changes in fund balances - total governmental funds (page 22)	\$ 366,322
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,749,550
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(680,949)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,137,728
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:	
Increase in compensated absences payable	(79,866)
Increase in net pension obligation	(477)
Decrease in interest payable	8,198
Change in net assets of governmental activities (page 15)	\$ 2,500,506

See accompanying notes and independent auditor's report.

**Village of Calumet Park
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 2,853,192	\$ 2,853,192	\$ 2,782,602	\$ (70,590)
Other taxes	676,300	676,300	667,114	(9,186)
Licenses and permits	326,700	326,700	355,705	29,005
Intergovernmental	2,498,200	2,498,200	2,517,499	19,299
Grant revenue	15,000	15,000	60,370	45,370
Fines and forfeitures	326,000	326,000	154,837	(171,163)
Service charges and fees	340,100	340,100	327,574	(12,526)
Interest income	1,700	1,700	1,315	(385)
Other	147,000	147,000	247,423	100,423
Total revenues	7,184,192	7,184,192	7,114,439	(69,753)
Expenditures:				
Current:				
Administration	1,273,073	1,273,073	1,209,438	63,635
Building	205,183	205,183	140,133	65,050
Police	2,864,953	2,864,953	2,724,542	140,411
Fire	764,660	764,660	892,326	(127,666)
Street and alley	1,051,912	1,051,912	978,733	73,179
Recreation	272,968	272,968	298,908	(25,940)
Total current	6,432,749	6,432,749	6,244,080	188,669
Police pension expense	557,423	557,423	483,833	73,590
Total expenditures	6,990,172	6,990,172	6,727,913	262,259
Revenues over expenditures before other financing uses	194,020	194,020	386,526	192,506
Other financing uses - transfers out	(300,000)	(300,000)	(306,551)	(6,551)
Net changes in fund balance	\$ (105,980)	\$ (105,980)	79,975	\$ 185,955
Fund balance, beginning of the year			3,504,757	
Fund balance, end of the year			\$ 3,584,732	

See accompanying notes and independent auditor's report.

**Village of Calumet Park
TIF 1 Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 387,047	\$ 387,047	\$ 348,918	\$ (38,129)
Interest income	1,000	1,000	923	(77)
Total revenues	<u>388,047</u>	<u>388,047</u>	<u>349,841</u>	<u>(38,206)</u>
Expenditures:				
Current - administration	950,000	1,043,500	15,972	1,027,528
Capital outlay	300,000	300,000	-	300,000
Total expenditures	<u>1,250,000</u>	<u>1,343,500</u>	<u>15,972</u>	<u>1,327,528</u>
Net changes in fund balance	<u>\$ (861,953)</u>	<u>\$ (955,453)</u>	<u>333,869</u>	<u>\$ 1,289,322</u>
Fund balance, beginning of the year			<u>179,364</u>	
Fund balance, end of the year			<u>\$ 513,233</u>	

See accompanying notes and independent auditor's report.

**Village of Calumet Park
TIF 2 Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 904,361	\$ 904,361	\$ 2,095,696	\$ 1,191,335
Interest income	500	500	171	(329)
Total revenues	<u>904,861</u>	<u>904,861</u>	<u>2,095,867</u>	<u>1,191,006</u>
Expenditures:				
Current - administration	71,500	71,500	19,612	51,888
Debt service:				
Principal	840,000	840,000	840,000	-
Interest	331,964	331,964	331,964	-
Fees	10,000	10,000	12,083	(2,083)
Miscellaneous	610,000	610,000	-	610,000
Total expenditures	<u>1,863,464</u>	<u>1,863,464</u>	<u>1,203,659</u>	<u>659,805</u>
Net changes in fund balance	<u>\$ (958,603)</u>	<u>\$ (958,603)</u>	<u>892,208</u>	<u>\$ 1,850,811</u>
Fund balance, beginning of the year			<u>2,811,439</u>	
Fund balance, end of the year			<u>\$ 3,703,647</u>	

See accompanying notes and independent auditor's report.

**Village of Calumet Park
Proprietary Funds - Enterprise Fund
Statement of Net Assets (Deficit)
For the Year Ended April 30, 2012**

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Current assets:				
Cash	\$ 73,167	\$ 136,533	\$ -	\$ 209,700
Accounts receivable:				
Customers	303,523	23,805	150,150	477,478
Due from other funds	60,571	98,653	-	159,224
Total current assets	<u>437,261</u>	<u>258,991</u>	<u>150,150</u>	<u>846,402</u>
Capital assets:				
Buildings and improvements	2,784,322	-	-	2,784,322
Equipment	742,582	-	-	742,582
Less accumulated depreciation	(1,333,751)	-	-	(1,333,751)
Total capital assets	<u>2,193,153</u>	<u>-</u>	<u>-</u>	<u>2,193,153</u>
Total assets	<u>2,630,414</u>	<u>258,991</u>	<u>150,150</u>	<u>3,039,555</u>
Liabilities:				
Accounts payable	94,568	-	-	94,568
Other liabilities	76,751	-	-	76,751
Due to other funds	2,002,643	103,453	583,886	2,689,982
Total liabilities	<u>2,173,962</u>	<u>103,453</u>	<u>583,886</u>	<u>2,861,301</u>
Net assets (deficit):				
Invested in capital assets, net of related debt	2,193,153	-	-	2,193,153
Unrestricted	(1,736,701)	155,538	(433,736)	(2,014,899)
Total net assets (deficit)	<u>\$ 456,452</u>	<u>\$ 155,538</u>	<u>\$ (433,736)</u>	<u>\$ 178,254</u>

See accompanying notes and independent auditor's report.

Village of Calumet Park
Proprietary Funds - Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit)
For the Year Ended April 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Operating revenues:				
Water charges	\$ 965,868	\$ -	\$ -	\$ 965,868
Sewer charges	-	155,943	-	155,943
Refuse charges	-	-	328,584	328,584
Total operating revenues	<u>965,868</u>	<u>155,943</u>	<u>328,584</u>	<u>1,450,395</u>
Operating expenses:				
Salaries and wages	229,895	-	-	229,895
Insurance and benefits	114,647	-	-	114,647
Contractual services	668,588	210,135	628,026	1,506,749
Supplies and materials	43,803	-	-	43,803
Miscellaneous	4,063	-	-	4,063
Depreciation	128,195	-	-	128,195
Total operating expenses	<u>1,189,191</u>	<u>210,135</u>	<u>628,026</u>	<u>2,027,352</u>
Operating loss	(223,323)	(54,192)	(299,442)	(576,957)
Nonoperating income:				
Interest	166	-	-	166
Miscellaneous	32,663	-	-	32,663
Total nonoperating income	<u>32,829</u>	<u>-</u>	<u>-</u>	<u>32,829</u>
Changes in net assets (deficit)	<u>(190,494)</u>	<u>(54,192)</u>	<u>(299,442)</u>	<u>(544,128)</u>
Net assets (deficit), beginning of the year, as previously reported	539,675	209,730	(134,294)	615,111
Prior period restatement of compensated absences payable	107,271	-	-	107,271
Net assets (deficit), beginning of the year, as restated	<u>646,946</u>	<u>209,730</u>	<u>(134,294)</u>	<u>722,382</u>
Net assets (deficit), end of the year	<u>\$ 456,452</u>	<u>\$ 155,538</u>	<u>\$ (433,736)</u>	<u>\$ 178,254</u>

See accompanying notes and independent auditor's report.

Village of Calumet Park
Proprietary Funds - Enterprise Fund
Statement of Cash Flows
For the Year Ended April 30, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers	\$ 959,671	\$ 158,836	\$ 334,580	\$ 1,453,087
Cash received from other sources	32,663	-	-	32,663
Cash payments to vendors for goods and services	(808,843)	(210,135)	(628,026)	(1,647,004)
Cash payments to employees	(206,923)	-	-	(206,923)
Net cash from operating activities	(23,432)	(51,299)	(293,446)	(368,177)
Cash flows from noncapital financing activities - advances from (to) other funds	96,433	133,188	193,255	422,876
Cash flows from investing activities - interest income	166	-	-	166
Net increase (decrease) in cash	73,167	81,889	(100,191)	54,865
Cash, beginning of the year	-	54,644	100,191	154,835
Cash, end of the year	\$ 73,167	\$ 136,533	\$ -	\$ 209,700
Reconciliation of operating income (loss) to cash used in operating activities:				
Operating income (loss)	\$ (223,323)	\$ (54,192)	\$ (299,442)	\$ (576,957)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	128,195	-	-	128,195
Nonoperating income - miscellaneous	32,663	-	-	32,663
(Increase) decrease in accounts receivable	(6,197)	2,893	5,996	2,692
Increase in accounts payable	22,258	-	-	22,258
Decrease in other liabilities	22,972	-	-	22,972
Net cash used in operations	\$ (23,432)	\$ (51,299)	\$ (293,446)	\$ (368,177)

See accompanying notes and independent auditor's report.

**Village of Calumet Park
Fiduciary Funds
Statement of Net Assets
April 30, 2012**

	<u>Total</u>	<u>Pension Trust Fund Police Pension Fund</u>	<u>Agency Fund Performance Bond Fund</u>
Assets			
Assets:			
Cash	\$ 1,262,282	\$ 1,043,070	\$ 219,212
Investments	5,168,629	5,168,629	-
Due from other funds	306,808	305,508	1,300
Total assets	\$ 6,737,719	\$ 6,517,207	\$ 220,512
Liabilities and Fund Balances			
Liabilities:			
Due to other funds	\$ 4,671	\$ -	\$ 4,671
Deposits held	215,841	-	215,841
Total liabilities	220,512	-	220,512
Fund balances - reserved for employee benefits	6,517,207	6,517,207	-
Total liabilities and fund balances	\$ 6,737,719	\$ 6,517,207	\$ 220,512

See accompanying notes.

Village of Calumet Park
Fiduciary Funds - Pension Trust Fund
Statement of Changes in Net Assets
April 30, 2012

Additions:

Contributions:

Employer	\$ 483,833
Employee	<u>130,426</u>

Total contributions 614,259

Other income:

Investment income	125,055
Valuation income	<u>3,203</u>

Total other income 128,258

Total additions 742,517

Deductions:

Benefits and refunds	676,900
Administrative	<u>11,196</u>

Total deductions 688,096

Net increase in plan assets 54,421

Net assets held in trust for pension benefits:

Beginning of the year 6,462,786

End of the year \$ 6,517,207

See accompanying notes.

Village of Calumet Park
Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. The Reporting Entity

The Village of Calumet Park, Cook County, Illinois is duly organized and existing under the provisions of the laws of the state of Illinois. The Village is governed by an elected Board of six trustees and a mayor, and provides the following services: public safety (fire and police), streets, sanitation, water and sewer, public improvements, planning, recreation, zoning, and general administrative.

These financial statements present all the departments, commissions, and fund types of the Village (primary government) and a component unit based on financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The Calumet Park Public Library may not issue debt without the Village's approval, and its property tax levy request is subject to the Village's approval. Thus, the Library meets the definition of a component unit. However, it is considered legally separate from the Village, and is thus presented as a discretely presented component unit in a separate column in the combined financial statements. Complete financial statements may be obtained from the Library's administrative office at 1500 West 127th Street, Calumet Park, Illinois.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village and its component unit. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

I. **Summary of Significant Accounting Policies (cont'd)**

C. **Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned, and expenses and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, and expenditures related to compensated absences payable and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest, licenses and charges for services are susceptible to accrual. Replacement income tax, state income tax, and sales tax collected and held by the state at year end on behalf of the Village are also recognized as revenue. Other receipts become measurable and available when cash is received by the Village, and are recognized as revenue at that time.

The Village reports the following major governmental funds:

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

TIF 1 Fund – The TIF 1 Fund is a Special Revenue Fund used to account for the accumulation of incremental tax revenues from one of the Village's TIF Districts, and related expenditures incurred in connection with this TIF.

TIF 2 Fund – The TIF 2 Fund is a Special Revenue Fund used to account for the accumulation of incremental tax revenues from one of the Village's TIF Districts, and related expenditures incurred in connection with this TIF.

Capital Projects Fund – The Capital Projects Fund is used to account for the accumulation of revenues for and related expenditures incurred in connection with major capital purchases or improvements.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (cont'd)

The Village reports the following major proprietary (enterprise) funds:

Water Fund – Accounts for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this Fund including, but not limited to, administration, operations, maintenance, finance, and billing and collection.

Sewer Fund – Accounts for the separate fee charged to users for sewer services. All activities necessary to provide such services are accounted for in this Fund including, but not limited to, administration, operations, maintenance, finance, and billing and collection.

Refuse Fund – Accounts for the separate fee charged to users for refuse services. All activities necessary to provide such services are accounted for in this Fund including, but not limited to, administration, operations, maintenance, finance, and billing and collection.

Additionally, the Village reports the following fund types:

Pension Trust Fund – The Pension Trust Fund accounts for the activities of the Police Pension Fund, which accumulates resources for pension benefit payments to qualified public safety employees.

Agency Fund – The Agency Fund (Performance Bond Fund) is custodial in nature, and does not involve measurement of operations.

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

The Village's enterprise fund applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as relevant Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case, GASB prevails.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (cont'd)

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenues. Likewise, general revenues include all taxes.

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

Use of Estimates – The preparation of government-wide and proprietary fund financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the accounting period. Within the Water, Sewer and Refuse Funds, the Village grants unsecured credit to its customers and monitors exposure for credit losses. The Village has determined that an allowance for uncollectible accounts of \$25,000 in the Water Fund is sufficient at April 30, 2012, based on the age of the receivables and the current economic environment. No allowance was considered necessary in the Sewer or Refuse Funds. Receivables outstanding for over one year at April 30, 2012 are not considered significant. The Village is depreciating capital assets over their estimated useful lives.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and Cash Equivalents – For purposes of the statement of cash flows, the City's enterprise fund considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, including amounts in the Illinois Funds Investment Pool.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

1. Deposits and Investments (cont'd)

Investments – Investments are reported at fair value. Fair value is based on quoted market prices. Under Illinois law, the Village (and Library) is restricted to investing funds in specific types of investment instruments. The following generally represents the types of instruments allowable by state law:

- Securities issued or granted by the United States of America or its agencies.
- Interest bearing savings accounts, certificates of deposit, and time deposits for banks and savings and loans insured up to \$250,000 by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the highest classification by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- The Illinois Funds Investment Pool.
- Repurchase agreements that meet instrument transaction requirements of Illinois law.

In addition, Pension Trust Funds are also permitted to invest in the following instruments:

- General accounts of Illinois-licensed life insurance companies.
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds, and real estate, limited to 10% of the fund's investments.
- Interest-bearing bonds of the state of Illinois, and bonds or tax anticipation warrants of any county, township, or municipal corporation of the state of Illinois.
- Mutual funds which meet the following requirements: (1) managed by an investment company as defined under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953, (2) mutual fund has been in operation for 5 years, (3) mutual fund has assets of \$250 million or more, (4) mutual fund is comprised of stocks, bonds, or money market instruments, and (5) limited to 35% of net present assets.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

1. Deposits and Investments (cont'd)

Investments (cont'd)

- Common and preferred stocks which meet the following requirements: (1) investments must be made through an investment advisor, (2) stocks of U.S. corporations that have been in existence for five years, (3) corporations not in arrears in payment of dividends in last five years, (4) market value of stock in any one corporation does not exceed 5% of cash and invested assets of pension fund, (5) stock in any one corporation does not exceed 5% of total outstanding stock in the corporation, (6) stock listed on national securities exchange or quoted in NASDAQNMS, and (7) limited to 35% of net present assets.

The investment policies of the Police Pension Fund place no further limits on investments beyond those authorized by state statute.

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation, and are not expendable available financial resources.

The Village's property taxes are required to be levied by ordinance. A certified copy of the levy ordinance must be filed with the county clerk not later than the last Tuesday in December of each year. Taxes are due and collectible one-half on February 1 and one-half on August 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1.

Property taxes are based on the assessed valuation of the Village's real property as equalized by the state of Illinois. The equalized assessed valuation of real property totaled \$79,242,899 for the calendar year 2011.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

2. Receivables and Payables (cont'd)

Property tax receivables are shown net of allowances for doubtful amounts. The property tax receivable allowance, the determination of which is based upon collection histories and the current economic environment, is equal to 3 percent of the outstanding property taxes at year end.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available or at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is capitalized.

Property and equipment of the primary government, as well as the component units, is depreciated using the straight-line method.

The following estimated useful lives are used to compute depreciation on a straight-line basis:

Buildings and improvements	15 – 40 years
Infrastructure	20 years
Equipment	5 – 15 years
Vehicles	8 years

Village of Calumet Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

5. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused sick pay benefits, which are payable to an employee with ten or more years of service upon leaving the employment of the Village. The amount received is limited to thirty days at full pay, provided the employee has given proper notice of separation. All vacation earned for a calendar year must be used within the same calendar year. Vacation and sick pay is accrued when earned, in proprietary funds, and reported as a fund liability. Vacation and sick pay that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it, which is typically the General Fund.

6. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a straight-line method that approximates the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Balance/Net Assets

Governmental funds' fund balance is classified as nonspendable or spendable, and spendable fund balance is classified further as restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. A portion of the Village's General Fund fund balance is considered nonspendable, as an offset to prepaid items. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. The fund balances of the Special Tax Increment Allocation Funds and the Motor Fuel Tax Fund are restricted for use in accordance with the Illinois Tax Increment Allocation Redevelopment Act and the

Village of Calumet Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

7. Fund Balance/Net Assets (cont'd)

Motor Fuel Tax Law, respectively. The fund balances of other nonmajor governmental funds are restricted for the purpose of the grant which generated the revenue of the fund. Debt Service Fund balances resulting from property taxes levied for the payment of debt service are considered restricted. The fund balance in the Capital Projects Fund is considered restricted for capital outlay in accordance with the terms of the Series 2010B bond issue.

Committed fund balance is constrained by formal actions of City Council. There was no committed fund balance at April 30, 2012. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose; certain funds balances of special revenue funds not restricted are considered assigned for the purpose of the fund. The remaining portion of the General Fund's fund balance and negative fund balances are considered unassigned.

In the government-wide and proprietary fund financial statements, restricted net assets would represent net assets legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt, represents the Village's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Unrestricted net assets consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences – Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes the reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that: "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$	2,254,683
Depreciation		<u>(505,133)</u>
Net increase to net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities	\$	<u>1,749,550</u>

Village of Calumet Park
Notes to the Financial Statements (cont'd)

II. Reconciliation of Government-wide and Fund Financial Statements (cont'd)

A. Explanation of Certain Differences – Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and Statement of Activities (cont'd)

Another element of the reconciliation states: "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." This amount represents the recognition of property taxes and state income taxes on the full accrual basis, net of the effect of full accrual recognition in the prior year.

Another element of the reconciliation states: "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,137,728 difference are as follows:

Debt issued:

Discount on debt issued:		
Amortization of prior year discounts on debt issued	\$	(6,409)
Premium on debt issued:		
Amortization of prior year premiums on debt issued		1,900
Principal repayments – general obligation debt		1,170,000
Gain on advance refunding of debt:		
Amortization of prior year deferred gain		(3,835)
Issuance costs:		
Amortization of prior year issuance costs		<u>(23,928)</u>

Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities		<u>\$ 1,137,728</u>
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III. Stewardship, Compliance and Accountability

A. Budgetary Information

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

- A proposed operating budget is submitted to the Board of Trustees for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- Budget hearings are conducted.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

III. Stewardship, Compliance and Accountability (cont'd)

A. Budgetary Information (cont'd)

- The budget is legally enacted through passage of an ordinance.
- The Board of Trustees may amend the budget.
- The Village does not use the encumbrance method of accounting. Budgetary funds are controlled by an integrated budgetary accounting system, in accordance with the various legal requirements which govern the Village.
- Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, all Special Revenue Funds except for the funds listed below, the Capital Project Fund, the Enterprise Funds, and the discretely presented component unit. Debt Service Funds have initially been covenanted by the Board on a multi-year basis.
- The Village did not adopt budgets for the Federal Law Enforcement Fund, Justice Assistance Grant I Fund, Justice Assistance Grant II Fund, Police Evidence Fund, School District 132 Grant Fund, State Law Enforcement Fund, Tobacco Enforcement Fund, and the Overhead Sewer Fund, all of which are Special Revenue Funds.
- Expenditures exceeded budget in the Water, Sewer and Refuse Funds by \$18,617, \$107,135 and \$25,026, respectively.
- The legal level of control (level at which expenditures may not exceed budget/appropriations) is at the fund level. Budget/appropriations lapse at fiscal year end. There were two supplemental appropriations during the year.

B. Deficit Fund Equity

The 911 Fund and School District 132 Grant Fund (Special Revenue Funds) have deficit fund balances of \$24,011 and \$12,500, respectively. Funding of these deficits is expected from future grant revenues or transfers from the General Fund. The Refuse Fund (Enterprise Fund) has a deficit net asset balance of \$433,736. Funding of this deficit is expected from future operating surpluses, as the Village has committed to scheduled rate increases to eliminate deficits in the Enterprise Funds, or transfers from the General Fund.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes On All Funds

A. Deposits and Investments

At year end, the carrying amount of the Village's (primary government) deposits was \$3,579,740, and the bank balance was \$3,782,864. The Village's primary government also had deposits in money market funds treated as cash equivalents with a carrying value and bank balance of \$6,051,009. Cash on hand was \$118. The carrying amount and bank balance of the fiduciary funds included within the primary government are \$1,264,593 and \$1,266,629, respectively. The carrying amount and bank balance of the discretely presented component unit (Calumet Park Public Library) were \$37,480 and \$37,480, respectively. The component unit also has funds invested with the Illinois Funds with a carrying amount and bank balance of \$322,501, which is being treated as a cash equivalent.

Interest Rate Risk – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village's investment policy does not specifically address interest rate risk. However, the Village structures its investment portfolio so that securities mature to meet cash requirements for ongoing operations and special projects, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools. Information about the exposure of the entity's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Less Than 1 Year	1 – 5 Years	6 - 10 Years
Pension Fund				
Mutual funds	\$ 2,742,154	\$ 2,742,154	\$ -	\$ -
Certificates of deposit	2,001,310	608,085	1,393,225	-
U.S. Treasury notes	425,165	-	209,665	215,500
Total investments	\$ 5,168,629	\$ 3,350,239	\$ 1,602,890	\$ 215,500

Credit Risk – Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The component unit's investment in Illinois Funds is rated AAA by Standard and Poors.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes On All Funds (cont'd)

A. Deposits and Investments (cont'd)

Custodial Credit Risk – For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. The Village's bank account balances beyond the federal insured amount of \$250,000 are secured by a letter of credit totaling \$3,450,000. The excess Village deposits over the \$3,700,000 insured and collateralized balance, totaling \$82,864 at April 30, 2012 is uncollateralized. For investments, this is the risk that in the event of the failure of the counterparty, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Village's investments in money market and mutual funds (cash equivalents) are not exposed to custodial credit risk, because their existence is not evidenced by securities that exist in physical or book entry form. The component unit has balances in the Illinois Funds. These balances are pooled along with other participants' monies, and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury.

The pension fund's investments are either certificates of deposit which are fully insured by the Federal Deposit Insurance Corporation, mutual funds that are not exposed to custodial credit risk, because their existence is not evidenced by securities that exist in physical or book entry form, or U.S. Treasury notes which are backed by the full faith and credit of the U.S. Treasury.

B. Accounts Receivable

On the statement of net assets, receivables of governmental activities consist of property taxes (\$2,841,429), intergovernmental revenues (\$685,453), and customer and other accounts (\$291,868). Receivables of business-type activities consist of billed and unbilled utilities receivable. Accounts receivable in the General Fund represent amounts due from various intergovernmental sources for various taxes and other fines and user charges. All amounts recorded as a receivable at April 30, 2012 were collected subsequent to year end. Accounts receivable in the Enterprise Funds represent amounts due for water, sewer and refuse services.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal period, deferred revenue in the governmental funds consisted of property taxes levied but not expected to be collected within sixty days of the end of the year, and income taxes collected by the state but not remitted to the Village, and therefore not available to liquidate liabilities of the current period, of \$2,852,120 and \$218,012, respectively. In addition, a liability is recognized in the General and TIF 5 Funds for an amount due Cook County for property tax remittances received in error of \$298,796 and \$170,490, respectively, for which future taxes will be withheld by the County.

**Village of Calumet Park
Notes to the Financial Statements (cont'd)**

IV. Detailed Notes On All Funds (cont'd)

C. Capital Assets

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

	Balances May 1, 2011	Additions	Retirements	Balances April 30, 2012
Governmental Activities				
Capital assets not being depreciated - land	\$ 559,317	\$ 686,100	\$ -	\$ 1,245,417
Capital assets being depreciated:				
Buildings and improvements	1,756,151	128,450	-	1,884,601
Infrastructure	3,825,363	619,669	-	4,445,032
Equipment	2,028,899	114,604	-	2,143,503
Vehicles	2,973,835	705,860	-	3,679,695
	<u>10,584,248</u>	<u>1,568,583</u>	<u>-</u>	<u>12,152,831</u>
Less accumulated depreciation for:				
Buildings and improvements	1,261,668	43,388	-	1,305,056
Infrastructure	558,873	221,901	-	780,774
Equipment	1,503,439	94,669	-	1,598,108
Vehicles	2,631,549	145,175	-	2,776,724
	<u>5,955,529</u>	<u>505,133</u>	<u>-</u>	<u>6,460,662</u>
Total capital assets being depreciated, net	<u>4,628,719</u>	<u>1,063,450</u>	<u>-</u>	<u>5,692,169</u>
Governmental activities, capital assets, net	<u>\$ 5,188,036</u>	<u>\$ 1,749,550</u>	<u>\$ -</u>	<u>\$ 6,937,586</u>

Village of Calumet Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes On All Funds (cont'd)

C. Capital Assets (cont'd)

	Balances May 1, 2011	Additions	Retirements	Balances April 30, 2012
Business-type Activities				
Capital assets being depreciated:				
Buildings and improvements	\$ 2,784,322	\$ -	\$ -	\$ 2,784,322
Equipment	742,582	-	-	742,582
	<u>3,526,904</u>	<u>-</u>	<u>-</u>	<u>3,526,904</u>
Less accumulated depreciation for:				
Buildings and improvements	837,329	92,108	-	929,437
Equipment	368,227	36,087	-	404,314
	<u>1,205,556</u>	<u>128,195</u>	<u>-</u>	<u>1,333,751</u>
Business-type activities, capital assets, net	<u>\$ 2,321,348</u>	<u>\$ (128,195)</u>	<u>\$ -</u>	<u>\$ 2,193,153</u>

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

General government	\$ 235,756
Public safety	205,049
Public works	46,325
Culture and recreation	18,003
Total depreciation – governmental activities	<u>\$ 505,133</u>

Capital asset activity for the component unit for the year ended April 30, 2012 is as follows:

Village of Calumet Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes On All Funds (cont'd)

C. Capital Assets (cont'd)

	<u>Balances</u> <u>May 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2012</u>
Capital assets being depreciated – building improvements and equipment	\$ 53,528	\$ 5,744	\$ -	\$ 59,272
Less accumulated depreciation for building improvements and equipment	<u>23,490</u>	<u>3,152</u>	<u>-</u>	<u>26,642</u>
Total capital assets being depreciated, net	<u>\$ 30,038</u>	<u>\$ 2,592</u>	<u>\$ -</u>	<u>\$ 32,630</u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of April 30, 2012 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund:		
TIF 2	\$ 61,253	\$ -
Capital Projects	15,087	-
Nonmajor Governmental	119,198	29,284
Water	1,902,690	60,571
Sewer	103,453	-
Refuse	583,886	-
Fiduciary (Pension Trust) Fund	-	305,508
Fiduciary (Agency) Fund	2,171	-
TIF 1 Fund – Nonmajor Governmental Funds	-	158,967
TIF 2 Fund - General	-	61,253
Capital Projects Fund:		
General	-	15,087
Nonmajor Governmental Funds	3,415	-
Nonmajor Governmental Funds:		
General	29,284	119,198
Nonmajor Governmental Funds	163,000	4,033
Capital Projects Fund	-	3,415
Fiduciary (Agency) Fund	2,500	-

Village of Calumet Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes On All Funds (cont'd)

D. Interfund Receivables and Payables and Transfers (cont'd)

Fund	Due From	Due To
Water:		
General	\$ 60,571	\$ 1,902,690
Sewer	-	98,653
Fiduciary (Agency) Fund	-	1,300
Sewer:		
General	-	103,453
Water	98,653	-
Refuse - General	-	583,886
Fiduciary (Pension Trust) Fund - General	305,508	-
Fiduciary (Agency) Fund:		
General	-	2,171
Nonmajor Governmental Funds	-	2,500
Water	1,300	-
	<u>\$ 3,451,969</u>	<u>\$ 3,451,969</u>

The outstanding balances between funds result mainly from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The outstanding balance between the General Fund and the Police Pension Fund represents property taxes collected by the Village on behalf of the Police Pension Fund that had not been turned over as of April 30, 2012.

The composition of interfund transfers for the year ended April 30, 2012 is as follows:

Fund	Transfer In	Transfer Out
General Fund – Nonmajor Governmental Funds	\$ -	\$ 306,551
Capital Projects Fund – Nonmajor Governmental Funds	-	75,530
Nonmajor Governmental Funds:		
General	306,551	-
Capital Projects	75,530	-
	<u>\$ 382,081</u>	<u>\$ 382,081</u>

Village of Calumet Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes On All Funds (cont'd)

E. Long-term Debt

General Obligation Bonds – The Village issues general obligation bonds to finance the purchase of major capital items, and the acquisition or construction of major capital facilities. General obligation bonds issued for general government activities are being repaid from tax levy revenues in the Debt Service Fund. The Village has also issued general obligation tax increment bonds that are being repaid from tax increments in the various Special Revenue Funds' TIF Projects Funds.

	Outstanding
2003 Tax Increment Bonds Series, original principal \$2,650,000, due annually on December 1 at amounts ranging from \$180,000 to \$310,000, through December 1, 2019, interest payable semiannually at rates ranging from 3.50% to 4.20%.	\$ 1,885,000
2005A Tax Increment Refunding Bonds Series, original principal \$2,505,000, due annually on December 1 at amounts ranging from \$105,000 to \$285,000 through December 1, 2018, interest payable semiannually at rates ranging from 3.65% to 4.00%.	1,410,000
2005B Tax Increment Bonds Series, original principal \$1,935,000, due annually on December 1 at amounts ranging from \$105,000 to \$230,000 through December 1, 2019, interest payable semiannually at rates ranging from 3.75% to 4.50%.	1,195,000

(cont'd)

**Village of Calumet Park
Notes to the Financial Statements (cont'd)**

IV. Detailed Notes On All Funds (cont'd)

E. Long-term Debt (cont'd)

	<u>Outstanding</u>
2006 General Obligation Tax Increment Taxable Bonds Series, original principal \$965,000, due annually on December 1 at amounts ranging from \$30,000 to \$110,000 through December 1, 2025, interest payable semiannually at rates ranging from 5.85% to 6.35%.	\$ 890,000
2010A General Obligation TIF Refunding Bonds Series, original principal \$4,690,000, due annually on December 1, commencing in 2011, at amounts ranging from \$340,000 to \$790,000 through December 1, 2019, interest payable semiannually at rates ranging from 2.00% to 3.80%.	4,360,000
2010B General Obligation Bonds Series, original principal \$2,500,000, due annually on December 1, commencing in 2012, at amounts ranging from \$170,000 to \$345,000 through December 1, 2020, interest payable semiannually at rates ranging from 2.00% to 4.00%.	<u>2,500,000</u>
Total general obligation bonds	<u>\$ 12,240,000</u>

General obligation bonds are backed by the full faith and credit of the Village, and are subject to an annual property tax levy for the payment of principal and interest. In addition, tax increment bonds provide for a pledge of all incremental property taxes upon property located in the Tax Incremental Financing District.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes On All Funds (cont'd)

E. Long-term Debt (cont'd)

Debt Service Requirements to Maturity – General Obligation Bonds

Year Ending April 30,	Total	Principal	Interest
2013	\$ 1,624,212	\$ 1,180,000	\$ 444,212
2014	1,685,790	1,275,000	410,790
2015	1,711,035	1,340,000	371,035
2016	1,743,943	1,415,000	328,943
2017	1,730,835	1,450,000	280,835
2018	1,745,168	1,515,000	230,168
2019	1,804,017	1,630,000	174,017
2020	1,850,630	1,740,000	110,630
2021	280,068	240,000	40,068
2022	103,893	75,000	28,893
2023	109,130	85,000	24,130
2024	108,732	90,000	18,732
2025	108,017	95,000	13,017
2026	116,985	110,000	6,985
	<u>\$ 14,722,455</u>	<u>\$ 12,240,000</u>	<u>\$ 2,482,455</u>

Changes in Long-term Debt – The following is a summary of debt transactions for the year ended April 30, 2012:

	May 1, 2011	Additions	Retirements	April 30, 2012
General obligation bonds	\$ 13,410,000	\$ -	\$ 1,170,000	\$ 12,240,000
Bond premium	27,008	-	1,900	25,108
Net pension obligation	22,294	477	-	22,771
Compensated absences payable	326,757	443,308	256,171	513,894
	<u>\$ 13,786,059</u>	<u>\$ 443,785</u>	<u>\$ 1,428,071</u>	<u>\$ 12,801,773</u>

Village of Calumet Park
Notes to the Financial Statements (cont'd)

V. Other Information

A. Risk Management

The Village is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. Property damage losses, workers' compensation, general liability and employee health claims are insured with a commercial insurance company. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years. There has been no significant reduction in insurance coverage.

B. Tax Increment Redevelopment Project

The Village had established Tax Increment Financing Districts I and II in December 1995 and September 2000, respectively. In addition, the Village established Tax Increment Financing Districts III, IV, and V in December 2004, December 2004, and April 2005, respectively.

A redevelopment plan was adopted to make improvements on certain blighted areas, which will be funded by property taxes attributable to the increase in the equalized assessed valuation of each taxable lot in the Project Area.

The base equalized assessed valuation (EAV), as well as the incremental change equalized assessed valuation for these districts (2011 EAV latest available), is as follows:

	<u>Base EAV</u>	<u>2011 EAV</u>
District I	\$ 1,778,408	\$ 5,425,808
District II	1,219,493	11,135,880
District III	9,302,564	8,928,155
District IV	1,510,819	1,791,066
District V	-	609,202

C. Pension and Retirement Plan Commitments

The Village participates in three contributory retirement plans. The Illinois Municipal Retirement Fund (a state-wide plan) covers substantially all full-time employees, except law enforcement officers under either the Regular plan or the Sheriff's Law Enforcement Personnel (SLEP) plan. Law enforcement officers are covered under the Police Pension Fund (a single-employer plan administered by a separate Police Pension Board of Trustees).

**Village of Calumet Park
Notes to the Financial Statements (cont'd)**

V. **Other Information** (cont'd)

C. **Pension and Retirement Plan Commitments** (cont'd)

1. **Illinois Municipal Retirement Fund ("IMRF")**

Plan Description – The Village's defined benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with IMRF, an agent-multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. Benefit provisions are established by statute and can only be changed by the General Assembly of the State of Illinois. The IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy – As set by statute, Regular plan members are required to contribute 4.5 percent of their annual covered salary. The statutes require the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 11.42% of annual covered payroll. The Village also contributes for disability benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost – For the fiscal year ended April 30, 2012, the Village's actual and required contributions for pension cost for the Regular plan was \$166,898.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
4/30/12	\$ 166,898	100 %
4/30/11	161,218	91
4/30/10	141,610	100

Village of Calumet Park
Notes to the Financial Statements (cont'd)

V. **Other Information** (cont'd)

C. **Pension and Retirement Plan Commitments** (cont'd)

1. **Illinois Municipal Retirement Fund ("IMRF")** (cont'd)

Annual Pension Cost (cont'd)

The net pension liability of \$22,771 was comprised of the following:

Annual required contribution	\$ 166,898
Interest on the net pension asset	1,672
Adjustment to the ARC	<u>(1,195)</u>
Annual pension cost	167,375
2012 contribution	<u>166,898</u>
Increase in pension liability	477
Net pension liability at April 30, 2011	<u>22,294</u>
Net pension liability at April 30, 2012	<u>\$ 22,771</u>

The increase in the pension liability for the year ended April 30, 2012 was recorded as an additional expense to the governmental activities in the current year.

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 included: (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the IMRF's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period using a 20% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funding Status and Funding Progress – As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 50.24% funded. The actuarial accrued liability for benefits was \$3,199,405 and the actuarial value of assets was \$1,607,247, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,592,158. The covered payroll (annual payroll of active employees covered by the plan) was \$1,275,574 and the ratio of the UAAL to the covered payroll was 125%.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

V. **Other Information (cont'd)**

C. **Pension and Retirement Plan Commitments (cont'd)**

1. **Illinois Municipal Retirement Fund ("IMRF") (cont'd)**

Funding Status and Funding Progress (cont'd)

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

2. **Sheriff's Law Enforcement Personnel**

Plan Description – The Village's defined benefit pension plan for Sheriff's Law Enforcement Personnel (SLEP) employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with IMRF, an agent-multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. Benefit provisions are established by state statute and can only be changed by the General Assembly of the State of Illinois. The IMRF issues a publicly available financial report that may be obtained on-line at www.imrf.org.

Funding Policy – As set by statute, SLEP plan members are required to contribute 7.5 percent of their annual covered salary. The statutes require the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer rate for calendar year 2011 was 12.91% of payroll. The Village also contributes for disability benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost – For fiscal year ended April 30, 2012, the Village's annual pension cost of \$11,611 for the SLEP plan was equal to the Village's required and actual contributions.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
4/30/12	\$ 11,611	100 %
4/30/11	10,600	100
4/30/10	11,800	100

Village of Calumet Park
Notes to the Financial Statements (cont'd)

V. **Other Information** (cont'd)

C. **Pension and Retirement Plan Commitments** (cont'd)

2. **Sheriff's Law Enforcement Personnel** (cont'd)

Annual Pension Cost (cont'd)

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the SLEP's assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period using a 20% corridor between the actuarial and market value of assets. The Village's SLEP plan's overfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funding Status and Funding Progress – As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 104.30% funded. The actuarial accrued liability for benefits was \$166,385 and the actuarial value of assets was \$173,535, resulting in an overfunded actuarial accrued liability (OAAL) of \$7,150. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$89,524. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

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

3. **Police Pension**

The Police Pension Plan, which is a defined contribution single-employer pension plan, covers all nonclerical personnel of the Police Department. The Village has not had an actuarial valuation performed for the Police Pension Plan since April 30, 2010. The independent auditor's report has been qualified for this departure from generally accepted accounting principles. All actuarial disclosures are as of the most recent valuation. The Village's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2011 was \$1,381,647. At April 30, 2011, the Police Pension Plan's membership consisted of:

Village of Calumet Park
Notes to the Financial Statements (cont'd)

V. **Other Information** (cont'd)

C. **Pension and Retirement Plan Commitments** (cont'd)

3. **Police Pension** (cont'd)

Retirees and beneficiaries currently receiving benefits, and terminated employees entitled to benefits but not yet receiving them	19
Current employees	<u>21</u>
Total	<u>40</u>

The Police Pension Plan provides retirement benefits, as well as death and disability benefits. Employees attaining the age of fifty or more, with twenty or more years of creditable service, are entitled to receive an annual retirement benefit of one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least eight years, but less than twenty years, of credited service may retire at or after age sixty and receive a reduced benefit.

The monthly pension of a police officer who retired with twenty or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter.

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Methods Used to Value Investments – Investments are recorded at fair value (at April 30, 2012, cost was \$4,963,581). Fixed income securities are valued at the last reported sales price at current exchange rates. Investment income is recognized as earned.

Village of Calumet Park
Notes to the Financial Statements (cont'd)

V. **Other Information** (cont'd)

C. **Pension and Retirement Plan Commitments** (cont'd)

3. **Police Pension** (cont'd)

Contributions – Although this is a single-employer plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes, and may be amended only by the Illinois legislature. The Fund's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than twenty years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Plan, as actuarially determined by an enrolled actuary. By the year 2020, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Funding Status and Progress – The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and stop-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits, and is independent of the funding method used to determine contributions to the system.

The latest actuarial valuation was performed as of April 30, 2010, using the entry age normal cost method. The unfunded actuarial accrued liability is being amortized on a level percentage of payroll method. The following actuarial assumptions were used:

Interest rate assumption	7.00% compounded annually
Mortality rate assumption	1971 Group Annuity
Decrement assumption other than mortality	Experience Tables
Salary progression assumption	5.50% compounded annually
Status of Social Security in assumption	None

Village of Calumet Park
Notes to the Financial Statements (cont'd)

V. **Other Information** (cont'd)

C. **Pension and Retirement Plan Commitments** (cont'd)

3. **Police Pension** (cont'd)

Funding Status and Progress (cont'd)

The actuarial accrued liability and net assets held in trust for pension benefits at April 30, 2010 is presented below:

Actuarial accrued liability:

Retirees and beneficiaries currently receiving benefits, and terminated employees not yet receiving benefits	\$ 5,770,976
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Current employees:

Accumulated employee contributions, including allocated investment earnings	-
Employer-financed, vested	-
Employer-financed, nonvested	4,637,998

Total actuarial accrued liability	10,408,974
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Net assets available for benefits, at market	5,105,141
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Unfunded actuarial accrued liability	\$ 5,303,833
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Information regarding actuarial present value of vested and nonvested accumulated benefits is not available.

Actuarially Determined Contribution Requirements and Contributions Made –

As of April 30, 2010, the annual required contribution of the Village necessary to cover normal cost was calculated to be \$247,070 (18.18% of annual covered payroll), and the annual required contribution necessary to amortize the unfunded actuarial accrued liability over a period of 24 years was calculated to be \$258,712. It is the Village's policy to fund annual pension cost as accrued. Total contributions to the Police Pension Fund by the Village totaled \$611,737 for the current year.

Trend Information – Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the six (most recently available) plan years ended April 30, 2010, 2009, 2008, 2007, 2006 and 2005, respectively, is as follows:

**Village of Calumet Park
Notes to the Financial Statements (cont'd)**

V. Other Information (cont'd)

C. Pension and Retirement Plan Commitments (cont'd)

3. Police Pension (cont'd)

Trend Information (cont'd)

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed
4/30/10	\$ 541,187	113.0 %
4/30/09	534,379	97.5
4/30/08	472,428	99.4
4/30/07	455,410	96.3
4/30/06	406,692	85.4
4/30/05	380,752	69.9

Actuarial Valuation Date	Employer Contributions Required	As a % of Annual Covered Payroll	Employer Contributions Made	As a % of Annual Covered Payroll
4/30/10	\$ 541,187	49 %	611,737	55 %
4/30/09	534,379	39	480,659	35
4/30/08	472,428	39	460,604	38
4/30/07	455,410	38	452,769	37
4/30/06	406,692	37	391,624	35
4/30/05	380,752	40	325,000	34

The required supplementary information, a schedule of funding progress for the last six years, may be found on page 62, and a schedule of revenues by source and expenses by type for the last six years may be found on page 63.

D. Subsequent Events

The Village entered into an intergovernmental agreement for the establishment of the South Suburban Joint Action Water Agency, and issued \$210,000 of Series 2012 General Obligation Bonds in June 2012.

REQUIRED SUPPLEMENTARY INFORMATION

**Village of Calumet Park
Illinois Municipal Retirement Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 1,607,247	\$ 3,199,405	\$ 1,592,158	50.24%	\$ 1,275,574	124.82%
12/31/10	2,001,588	3,399,435	1,397,847	58.88%	1,425,977	98.03%
12/31/09	3,151,550	3,932,354	780,804	80.14%	1,418,722	55.04%
12/31/08	2,955,773	3,666,990	711,217	80.60%	1,380,373	51.52%
12/31/07	3,750,364	3,887,008	136,644	96.48%	1,324,447	10.32%
12/31/06	3,297,229	3,381,707	84,478	97.50%	1,191,297	7.09%
SLEP						
12/31/11	173,535	166,385	(7,150)	104.30%	89,524	0.00%
12/31/10	151,080	142,489	(8,591)	106.03%	88,034	0.00%
12/31/09	128,520	123,431	(5,089)	104.12%	86,719	0.00%
12/31/08	111,026	97,519	(13,507)	113.85%	84,476	0.00%
12/31/07	95,490	74,280	(21,210)	128.55%	84,753	0.00%

See independent auditor's report.

**Village of Calumet Park
Police Pension Fund
Required Supplementary Information -
Schedule of Funding Progress
April 30, 2012**

Plan Year	Net Assets Available For Benefits (Lower of Cost or Market)	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
4/30/10	\$ 5,105,141	\$10,408,974	49%	\$ 5,303,833	\$ 1,111,276	477%
4/30/09	5,035,794	10,899,010	46%	5,863,216	1,359,079	431%
4/30/08	5,200,964	10,704,112	49%	5,503,148	1,196,240	460%
4/30/07	5,265,014	10,511,768	50%	5,246,754	1,212,317	433%
4/30/06	4,923,636	9,639,407	51%	4,715,771	1,110,824	425%
4/30/05	4,359,935	9,277,016	47%	4,917,081	960,985	512%

Analysis of the dollar amount of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employee Retirement System ("PERS"). Trends in unfunded pension benefit obligation as a percentage of the annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of the annual covered payroll approximately adjusts for the effects of inflation, and aids in the analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

See independent auditor's report.

**Village of Calumet Park
Police Pension Fund
Required Supplementary Information -
Schedule of Revenues By Source and Expenses By Type
April 30, 2012**

Revenues By Source

Fiscal Year	Employee Contributions	Employer Contributions	Investment Income	Totals
2012	\$ 130,426	\$ 483,833	\$ 128,258	\$ 742,517
2011	133,012	644,573	460,037	1,237,622
2010	140,156	611,737	631,446	1,383,339
2009	154,385	480,659	(578,621)	56,423
2008	114,992	460,604	159,962	735,558
2007	116,554	452,769	332,327	901,650

Expenses By Type

Fiscal Year	Disability Payments	Other Expenses	Totals
2012	\$ 676,900	\$ 11,196	\$ 688,096
2011	613,768	7,524	621,292
2010	582,951	10,263	593,214
2009	446,469	9,676	456,145
2008	431,873	8,743	440,616
2007	426,894	42,702	469,596

See independent auditor's report.

SUPPLEMENTAL SECTION

**Village of Calumet Park
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Administration:				
Salaries and wages	\$ 328,824	\$ 323,824	\$ 317,367	\$ 6,457
Insurance and benefits	399,349	399,349	426,517	(27,168)
Contractual services	364,300	364,300	301,819	62,481
Supplies and materials	21,600	21,600	22,328	(728)
Capital outlay	12,000	17,000	4,609	12,391
Miscellaneous	147,000	147,000	136,798	10,202
Total administration	1,273,073	1,273,073	1,209,438	63,635
Building:				
Salaries and wages	69,903	69,903	67,483	2,420
Insurance and benefits	20,180	20,180	22,222	(2,042)
Contractual services	110,600	110,600	46,073	64,527
Supplies and materials	1,500	1,500	393	1,107
Capital outlay	500	500	-	500
Miscellaneous	2,500	2,500	3,962	(1,462)
Total building	205,183	205,183	140,133	65,050
Police:				
Salaries and wages	1,932,248	1,932,248	1,853,364	78,884
Insurance and benefits	711,305	711,305	647,963	63,342
Contractual services	198,900	198,900	177,082	21,818
Supplies and materials	9,000	9,000	23,373	(14,373)
Capital outlay	10,500	10,500	18,020	(7,520)
Miscellaneous	3,000	3,000	4,740	(1,740)
Total police	2,864,953	2,864,953	2,724,542	140,411
Fire:				
Salaries and wages	543,449	543,449	624,102	(80,653)
Insurance and benefits	111,326	111,326	129,654	(18,328)
Contractual services	89,385	89,385	112,055	(22,670)
Supplies and materials	7,000	7,000	11,984	(4,984)
Capital outlay	11,000	11,000	12,074	(1,074)
Miscellaneous	2,500	2,500	2,457	43
Total fire	764,660	764,660	892,326	(127,666)

(cont'd)

**Village of Calumet Park
General Fund
Schedule of Expenditures - Budget and Actual (cont'd)
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Street and alley:				
Salaries and wages	\$ 388,668	\$ 388,668	\$ 363,463	\$ 25,205
Insurance and benefits	237,244	237,244	179,262	57,982
Contractual services	256,000	256,000	212,714	43,286
Supplies and materials	155,600	155,600	216,171	(60,571)
Capital outlay	9,400	9,400	5,448	3,952
Miscellaneous	5,000	5,000	1,675	3,325
Total street and alley	1,051,912	1,051,912	978,733	73,179
Recreation:				
Salaries and wages	148,863	148,863	173,370	(24,507)
Insurance and benefits	47,405	47,405	47,276	129
Contractual services	42,350	42,350	38,112	4,238
Supplies and materials	16,000	16,000	25,946	(9,946)
Capital outlay	4,350	4,350	2,286	2,064
Miscellaneous	14,000	14,000	11,918	2,082
Total recreation	272,968	272,968	298,908	(25,940)
Police pension expense	557,423	557,423	483,833	73,590
Total expenditures	\$ 6,990,172	\$ 6,990,172	\$ 6,727,913	\$ 262,259

See independent auditor's report.

NONMAJOR GOVERNMENTAL FUNDS

Village of Calumet Park
Combining Balance Sheet - Nonmajor Governmental Funds
April 30, 2012

	911 Fund	DCEO Grant Fund	Federal Law Enforcement Fund
Assets			
Cash and cash equivalents	\$ -	\$ 58,033	\$ 51,461
Accounts receivable	-	7,080	-
Property taxes receivable	-	-	-
Due from other funds	2,500	-	163
Due from other governments	-	-	-
Total assets	\$ 2,500	\$ 65,113	\$ 51,624
Liabilities and Municipal Equity			
Liabilities:			
Due to other funds	\$ 26,511	\$ 65,113	\$ 4,537
Due to other governments	-	-	-
Deferred revenue	-	-	-
Total liabilities	26,511	65,113	4,537
Fund balance (deficit):			
Restricted by state statute	-	-	-
Restricted for grant purposes	-	-	47,087
Restricted for debt service	-	-	-
Assigned for police activities	-	-	-
Unassigned	(24,011)	-	-
Total fund balance (deficit)	(24,011)	-	47,087
Total liabilities and municipal equity	\$ 2,500	\$ 65,113	\$ 51,624

(cont'd)

Special Revenue Funds						
Justice Assistance Grant I Fund	Justice Assistance Grant II Fund	Motor Fuel Tax Fund	Police Evidence Fund	School District 132 Grant Fund	State Law Enforcement Fund	TIF 3 Fund
\$ 4,799	\$ 9,273	\$ 128,813	\$ 24,520	\$ -	\$ 22,601	\$ 1,171,038
-	-	-	-	-	-	-
-	-	-	-	-	-	60,446
-	-	-	-	-	-	-
-	-	15,211	-	-	-	-
\$ 4,799	\$ 9,273	\$ 144,024	\$ 24,520	\$ -	\$ 22,601	\$ 1,231,484
\$ 33	\$ -	\$ 18,433	\$ -	\$ -	\$ 255	\$ -
-	-	-	-	-	-	-
-	-	-	-	12,500	-	57,787
33	-	18,433	-	12,500	255	57,787
-	-	125,591	-	-	-	1,173,697
4,766	9,273	-	-	-	22,346	-
-	-	-	-	-	-	-
-	-	-	24,520	-	-	-
-	-	-	-	(12,500)	-	-
4,766	9,273	125,591	24,520	(12,500)	22,346	1,173,697
\$ 4,799	\$ 9,273	\$ 144,024	\$ 24,520	\$ -	\$ 22,601	\$ 1,231,484

Village of Calumet Park
Combining Balance Sheet - Nonmajor Governmental Funds (cont'd)
April 30, 2012

	Special		
	TIF 4 Fund	TIF 5 Fund	Tobacco Enforcement Fund
Assets			
Cash and cash equivalents	\$ 339,191	\$ 364,503	\$ 2,071
Accounts receivable	-	-	-
Property taxes receivable	15,782	43,618	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Total assets	\$ 354,973	\$ 408,121	\$ 2,071
Liabilities and Municipal Equity			
Liabilities:			
Due to other funds	\$ -	\$ 11,764	\$ -
Due to other governments	-	170,490	-
Deferred revenue	15,782	43,618	-
Total liabilities	15,782	225,872	-
Fund balance (deficit):			
Restricted by state statute	339,191	182,249	-
Restricted for grant purposes	-	-	2,071
Restricted for debt service	-	-	-
Assigned for police activities	-	-	-
Unassigned	-	-	-
Total fund balance (deficit)	339,191	182,249	2,071
Total liabilities and municipal equity	\$ 354,973	\$ 408,121	\$ 2,071

Revenue Funds			
CDBG Fund	Total Special Revenue Funds	Debt Service	Total
\$ -	\$ 2,176,303	\$ 37,923	\$ 2,214,226
-	7,080	-	7,080
-	119,846	328,560	448,406
-	2,663	192,121	194,784
-	15,211	-	15,211
\$ -	\$ 2,321,103	\$ 558,604	\$ 2,879,707
-	-	-	-
-	126,646	-	126,646
-	170,490	-	170,490
-	129,687	328,560	458,247
-	426,823	328,560	755,383
-	1,820,728	-	1,820,728
-	85,543	-	85,543
-	-	230,044	230,044
-	24,520	-	24,520
-	(36,511)	-	(36,511)
-	1,894,280	230,044	2,124,324
\$ -	\$ 2,321,103	\$ 558,604	\$ 2,879,707

See independent auditor's report.

Village of Calumet Park
Combining Schedule of Revenues, Expenditures and Changes
in Fund Balance (Deficit) - Nonmajor Governmental Funds
For the Year Ended April 30, 2012

	911 Fund	DCEO Grant Fund	Federal Law Enforcement Fund
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Grant income	-	82,750	-
Interest income	2	-	60
Other	28,596	-	-
Total revenues	28,598	82,750	60
Expenditures:			
Current:			
Administration	-	-	-
Police	295,156	-	-
Street and alley	-	75,820	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Fees	-	-	-
Capital outlay	-	115,148	-
Miscellaneous	-	-	-
Total expenditures	295,156	190,968	-
Revenues over (under) expenditures before other financing sources	(266,558)	(108,218)	60
Other financing sources - transfers in	268,030	113,776	-
Changes in fund balance (deficit)	1,472	5,558	60
Fund balance (deficit), beginning of the year	(25,483)	(5,558)	47,027
Fund balance (deficit), end of the year	\$ (24,011)	\$ -	\$ 47,087

(cont'd)

Special Revenue Funds						
Justice Assistance Grant I Fund	Justice Assistance Grant II Fund	Motor Fuel Tax Fund	Police Evidence Fund	School District 132 Grant Fund	State Law Enforcement Fund	TIF 3 Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,953
-	-	233,073	-	-	-	-
-	-	206	36	-	25	2,663
-	-	-	-	-	-	750
-	-	233,279	36	-	25	213,366
-	-	-	-	-	-	9,494
-	-	-	1,000	-	-	-
-	-	242,097	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	7,208	-	-	800,575
-	-	-	1,084	-	-	-
-	-	242,097	9,292	-	-	810,069
-	-	(8,818)	(9,256)	-	25	(596,703)
-	-	-	-	-	-	-
-	-	(8,818)	(9,256)	-	25	(596,703)
4,766	9,273	134,409	33,776	(12,500)	22,321	1,770,400
\$ 4,766	\$ 9,273	\$ 125,591	\$ 24,520	\$ (12,500)	\$ 22,346	\$ 1,173,697

Village of Calumet Park
Combining Schedule of Revenues, Expenditures and Changes
in Fund Balance (Deficit) - Nonmajor Governmental Funds (cont'd)
April 30, 2012

	Special		
	TIF 4 Fund	TIF 5 Fund	Tobacco Enforcement Fund
Revenues:			
Property taxes	\$ 54,002	\$ 73,171	\$ -
Intergovernmental	-	-	-
Grant income	-	-	-
Interest income	655	28	2
Other	-	-	-
Total revenues	54,657	73,199	2
Expenditures:			
Current:			
Administration	4,520	-	-
Police	-	-	-
Street and alley	-	-	-
Debt service:			
Principal	-	30,000	-
Interest	-	57,468	-
Fees	-	2,500	-
Capital outlay	-	-	-
Miscellaneous	-	-	-
Total expenditures	4,520	89,968	-
Revenues over (under) expenditures before other financing sources	50,137	(16,769)	2
Other financing sources - transfers in	-	-	-
Changes in fund balance (deficit)	50,137	(16,769)	2
Fund balance (deficit), beginning of the year	289,054	199,018	2,069
Fund balance (deficit), end of the year	\$ 339,191	\$ 182,249	\$ 2,071

Revenue Funds			
CDBG Fund	Total Special Revenue Funds	Debt Service	Total
\$ -	\$ 337,126	\$ 313,500	\$ 650,626
-	233,073	-	233,073
374,941	457,691	-	457,691
-	3,677	7	3,684
-	29,346	-	29,346
374,941	1,060,913	313,507	1,374,420
-	14,014	-	14,014
-	296,156	-	296,156
-	317,917	-	317,917
-	30,000	300,000	330,000
-	57,468	86,379	143,847
-	2,500	-	2,500
378,910	1,301,841	-	1,301,841
-	1,084	-	1,084
378,910	2,020,980	386,379	2,407,359
(3,969)	(960,067)	(72,872)	(1,032,939)
275	382,081	-	382,081
(3,694)	(577,986)	(72,872)	(650,858)
3,694	2,472,266	302,916	2,775,182
\$ -	\$ 1,894,280	\$ 230,044	\$ 2,124,324

See independent auditor's report.

**Village of Calumet Park
911 Fund
Statement of Revenues, Expenditures and
Changes in Fund Deficit - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Interest income	\$ 25	\$ 25	\$ 2	\$ (23)
Other	28,000	28,000	28,596	596
Total revenues	<u>28,025</u>	<u>28,025</u>	<u>28,598</u>	<u>573</u>
Expenditures:				
Current - police	304,000	304,000	295,156	8,844
Capital outlay	40,000	40,000	-	40,000
Total expenditures	<u>344,000</u>	<u>344,000</u>	<u>295,156</u>	<u>48,844</u>
Total revenues under expenditures before other financing sources	(315,975)	(315,975)	(266,558)	49,417
Other financing sources - transfers in	<u>300,000</u>	<u>300,000</u>	<u>268,030</u>	<u>(31,970)</u>
Net changes in fund deficit	<u>\$ (15,975)</u>	<u>\$ (15,975)</u>	<u>1,472</u>	<u>\$ 17,447</u>
Fund deficit, beginning of the year			<u>(25,483)</u>	
Fund deficit, end of the year			<u>\$ (24,011)</u>	

See independent auditor's report.

**Village of Calumet Park
DCEO Grant Fund
Statement of Revenues, Expenditures and
Changes in Fund (Deficit) Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues - grant income	\$ 62,500	\$ 62,500	\$ 82,750	\$ 20,250
Expenditures:				
Current - street and alley	76,000	76,000	75,820	180
Capital outlay	154,000	154,000	115,148	38,852
Total expenditures	230,000	230,000	190,968	39,032
Total revenues under expenditures before other financing sources	(167,500)	(167,500)	(108,218)	59,282
Other financing sources - transfers in	19,750	19,750	113,776	94,026
Net changes in fund (deficit) balance	\$ (147,750)	\$ (147,750)	5,558	\$ 153,308
Fund deficit, beginning of the year			(5,558)	
Fund balance, end of the year			\$ -	

See independent auditor's report.

**Village of Calumet Park
Motor Fuel Tax Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$ 195,875	\$ 195,875	\$ 233,073	\$ 37,198
Interest income	300	300	206	(94)
Total revenues	<u>196,175</u>	<u>196,175</u>	<u>233,279</u>	<u>37,104</u>
Expenditures:				
Current - street and alley:				
Contractual services	330,000	330,000	223,698	106,302
Supplies and materials	-	-	18,399	(18,399)
Total expenditures	<u>330,000</u>	<u>330,000</u>	<u>242,097</u>	<u>87,903</u>
Net changes in fund balance	<u>\$ (133,825)</u>	<u>\$ (133,825)</u>	<u>(8,818)</u>	<u>\$ 125,007</u>
Fund balance, beginning of the year			<u>134,409</u>	
Fund balance, end of the year			<u>\$ 125,591</u>	

See independent auditor's report.

**Village of Calumet Park
TIF 3 Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 181,550	\$ 181,550	\$ 209,953	\$ 28,403
Interest income	5,000	5,000	2,663	(2,337)
Other	-	-	750	750
Total revenues	<u>186,550</u>	<u>186,550</u>	<u>213,366</u>	<u>26,816</u>
Expenditures:				
Current - administration	60,000	60,000	9,494	50,506
Capital outlay	795,000	795,000	800,575	(5,575)
Total expenditures	<u>855,000</u>	<u>855,000</u>	<u>810,069</u>	<u>44,931</u>
Net changes in fund balance	<u>\$ (668,450)</u>	<u>\$ (668,450)</u>	<u>(596,703)</u>	<u>\$ 71,747</u>
Fund balance, beginning of the year			<u>2,811,439</u>	
Fund balance, end of the year			<u>\$ 2,214,736</u>	

See independent auditor's report.

**Village of Calumet Park
TIF 4 Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 61,461	\$ 61,461	\$ 54,002	\$ (7,459)
Interest income	5,000	5,000	655	(4,345)
Total revenues	66,461	66,461	54,657	(11,804)
Expenditures:				
Current - administration	10,000	10,000	4,520	5,480
Capital outlay	300,000	300,000	-	300,000
Total expenditures	310,000	310,000	4,520	305,480
Net changes in fund balance	\$ (243,539)	\$ (243,539)	50,137	\$ 293,676
Fund balance, beginning of the year			289,054	
Fund balance, end of the year			\$ 339,191	

See independent auditor's report.

**Village of Calumet Park
TIF 5 Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ -	\$ -	\$ 73,171	\$ 73,171
Interest income	50	50	28	(22)
Total revenues	<u>50</u>	<u>50</u>	<u>73,199</u>	<u>73,149</u>
Expenditures:				
Debt service:				
Principal	30,000	30,000	30,000	-
Interest	57,468	57,468	57,468	-
Fees	5,000	5,000	2,500	2,500
Total expenditures	<u>92,468</u>	<u>92,468</u>	<u>89,968</u>	<u>2,500</u>
Net changes in fund balance	<u>\$ (92,418)</u>	<u>\$ (92,418)</u>	<u>(16,769)</u>	<u>\$ 75,649</u>
Fund balance, beginning of the year			<u>199,018</u>	
Fund balance, end of the year			<u>\$ 182,249</u>	

See independent auditor's report.

**Village of Calumet Park
Debt Service Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	\$ 313,500	\$ 313,500	\$ 313,500	\$ -
Interest income	-	-	7	7
	<u>313,500</u>	<u>313,500</u>	<u>313,507</u>	<u>7</u>
Total revenues				
Expenditures:				
Debt service:				
Principal	300,000	300,000	300,000	-
Interest	86,379	86,379	86,379	-
	<u>386,379</u>	<u>386,379</u>	<u>386,379</u>	<u>-</u>
Total expenditures				
	<u>\$ (72,879)</u>	<u>\$ (72,879)</u>	<u>(72,872)</u>	<u>\$ 7</u>
Net changes in fund balance				
Fund balance, beginning of the year			<u>302,916</u>	
Fund balance, end of the year			<u>\$ 230,044</u>	

See independent auditor's report.

**Village of Calumet Park
Water Fund
Schedule of Revenues, Expenses and Changes in
Fund Net Assets - Budget and Actual
For the Year Ended April 30, 2012**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue - water charges	\$ 933,000	\$ 933,000	\$ 965,868	\$ 32,868
Operating expenses:				
Salaries and wages	216,633	216,633	229,895	(13,262)
Insurance and benefits	118,541	118,541	114,647	3,894
Contractual services	781,700	781,700	668,588	113,112
Supplies and materials	43,700	43,700	43,803	(103)
Miscellaneous	10,000	10,000	4,063	5,937
Operating expenses before depreciation	<u>1,170,574</u>	<u>1,170,574</u>	<u>1,060,996</u>	<u>109,578</u>
Depreciation	-	-	128,195	(128,195)
Total operating expenses	<u>1,170,574</u>	<u>1,170,574</u>	<u>1,189,191</u>	<u>(18,617)</u>
Operating loss	<u>(237,574)</u>	<u>(237,574)</u>	<u>(223,323)</u>	<u>14,251</u>
Nonoperating income:				
Interest	300	300	166	(134)
Miscellaneous	30,000	30,000	32,663	2,663
Total nonoperating income	<u>30,300</u>	<u>30,300</u>	<u>32,829</u>	<u>2,529</u>
Changes in net assets	<u>\$ (207,274)</u>	<u>\$ (207,274)</u>	<u>(190,494)</u>	<u>\$ 16,780</u>
Net assets, beginning of the year, as previously reported			539,675	
Prior period restatement of compensated absences payable			<u>107,271</u>	
Net assets, beginning of the year, as restated			<u>646,946</u>	
Net assets, end of the year			<u>\$ 456,452</u>	

See independent auditor's report.

**Village of Calumet Park
Sewer Fund
Schedule of Revenues, Expenses and Changes in
Fund Net Assets - Budget and Actual
For the Year Ended April 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenue - sewer charges	\$ 95,000	\$ 95,000	\$ 155,943	\$ 60,943
Operating expenses - contractual services	<u>103,000</u>	<u>103,000</u>	<u>210,135</u>	<u>(107,135)</u>
Changes in net assets	<u>\$ (8,000)</u>	<u>\$ (8,000)</u>	<u>(54,192)</u>	<u>\$ (46,192)</u>
Net assets, beginning of the year			<u>209,730</u>	
Net assets, end of the year			<u>\$ 155,538</u>	

See independent auditor's report.

**Village of Calumet Park
Refuse Fund
Schedule of Revenues, Expenses and Changes in
Fund Net Deficit - Budget and Actual
For the Year Ended April 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating revenue - sewer charges	\$ 317,000	\$ 317,000	\$ 328,584	\$ 11,584
Operating expenses - contractual services	<u>603,000</u>	<u>603,000</u>	<u>628,026</u>	<u>(25,026)</u>
Changes in net deficit	<u>\$ (286,000)</u>	<u>\$ (286,000)</u>	<u>(299,442)</u>	<u>\$ (13,442)</u>
Net deficit, beginning of the year			<u>(134,294)</u>	
Net deficit, end of the year			<u>\$ (433,736)</u>	

See independent auditor's report.

**Village of Calumet Park
Agency Fund - Performance Bond Fund
Schedule of Changes in Assets and Liabilities
For the Year Ended April 30, 2012**

	<u>Balance May 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance April 30, 2012</u>
Assets				
Cash	\$ 245,939	\$ 167,773	\$ 194,500	\$ 219,212
Due from other funds	1,300	-	-	1,300
Total assets	<u>\$ 247,239</u>	<u>\$ 167,773</u>	<u>\$ 194,500</u>	<u>\$ 220,512</u>
Liabilities				
Due to other funds	\$ 2,171	\$ 2,500	\$ -	\$ 4,671
Deposits held	245,068	167,773	197,000	215,841
Total liabilities	<u>\$ 247,239</u>	<u>\$ 170,273</u>	<u>\$ 197,000</u>	<u>\$ 220,512</u>

See independent auditor's report.

OTHER FINANCIAL SCHEDULES

**Village of Calumet Park
Schedule of Long-term Debt Obligations
April 30, 2012**

General Obligation Tax Increment Bonds Series 2003

Bond issue dated	March 15, 2003
Original issue	\$2,650,000.00
Interest rates	3.50-4.20%
Final payment dated	December 1, 2019
Interest payment dates	June 1 and December 1

Due	Principal	Interest	Total
06/01/12	\$ -	\$ 36,623.75	\$ 36,623.75
12/01/12	180,000.00	36,623.75	216,623.75
06/01/13	-	33,473.75	33,473.75
12/01/13	185,000.00	33,473.75	218,473.75
06/01/14	-	30,097.50	30,097.50
12/01/14	195,000.00	30,097.50	225,097.50
06/01/15	-	26,490.00	26,490.00
12/01/15	230,000.00	26,490.00	256,490.00
06/01/16	-	22,177.50	22,177.50
12/01/16	240,000.00	22,177.50	262,177.50
06/01/17	-	17,557.50	17,557.50
12/01/17	250,000.00	17,557.50	267,557.50
06/01/18	-	12,557.50	12,557.50
12/01/18	295,000.00	12,557.50	307,557.50
06/01/19	-	6,510.00	6,510.00
12/01/19	310,000.00	6,510.00	316,510.00
Total	\$ 1,885,000.00	\$ 370,975.00	\$ 2,255,975.00

(cont'd)

Village of Calumet Park
Schedule of Long-term Debt Obligations (cont'd)
April 30, 2012

General Obligation Tax Increment Bonds Series 2005A

Bond issue dated	December 8, 2005
Original issue	\$2,505,000.00
Interest rates	3.65 - 4.00%
Final payment dated	December 1, 2018
Interest payment dates	June 1 and December 1

Due	Principal	Interest	Total
06/01/12	\$ -	\$ 26,738.75	\$ 26,738.75
12/01/12	245,000.00	26,738.75	271,738.75
06/01/13	-	22,267.50	22,267.50
12/01/13	265,000.00	22,267.50	287,267.50
06/01/14	-	17,365.00	17,365.00
12/01/14	280,000.00	17,365.00	297,365.00
06/01/15	-	12,115.00	12,115.00
12/01/15	285,000.00	12,115.00	297,115.00
06/01/16	-	6,700.00	6,700.00
12/01/16	105,000.00	6,700.00	111,700.00
06/01/17	-	4,600.00	4,600.00
12/01/17	110,000.00	4,600.00	114,600.00
06/01/18	-	2,400.00	2,400.00
12/01/18	120,000.00	2,400.00	122,400.00
Total	\$ 1,410,000.00	\$ 184,372.50	\$ 1,594,372.50

(cont'd)

Village of Calumet Park
Schedule of Long-term Debt Obligations (cont'd)
April 30, 2012

General Obligation Tax Increment Bonds Series 2005B

Bond issue dated	December 8, 2005
Original issue	\$1,935,000.00
Interest rates	3.75 - 4.50%
Final payment dated	December 1, 2019
Interest payment dates	June 1 and December 1

<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
06/01/12	\$ -	\$ 24,706.25	\$ 24,706.25
12/01/12	110,000.00	24,706.25	134,706.25
06/01/13	-	22,643.75	22,643.75
12/01/13	105,000.00	22,643.75	127,643.75
06/01/14	-	20,675.00	20,675.00
12/01/14	105,000.00	20,675.00	125,675.00
06/01/15	-	18,706.25	18,706.25
12/01/15	110,000.00	18,706.25	128,706.25
06/01/16	-	16,643.75	16,643.75
12/01/16	175,000.00	16,643.75	191,643.75
06/01/17	-	13,275.00	13,275.00
12/01/17	180,000.00	13,275.00	193,275.00
06/01/18	-	9,225.00	9,225.00
12/01/18	180,000.00	9,225.00	189,225.00
06/01/19	-	5,175.00	5,175.00
12/01/19	230,000.00	5,175.00	235,175.00
Total	\$ 1,195,000.00	\$ 262,100.00	\$ 1,457,100.00

(cont'd)

Village of Calumet Park
Schedule of Long-term Debt Obligations (cont'd)
April 30, 2012

General Obligation Tax Increment Taxable Bonds Series 2006

Bond issue dated	May 17, 2006
Original issue	\$ 965,000.00
Interest rates	5.85 - 6.35%
Final payment dated	December 1, 2025
Interest payment dates	June 1 and December 1

Due	Principal	Interest	Total
06/01/12	\$ -	\$ 27,856.25	\$ 27,856.25
12/01/12	30,000.00	27,856.25	57,856.25
06/01/13	-	26,978.75	26,978.75
12/01/13	35,000.00	26,978.75	61,978.75
06/01/14	-	25,911.25	25,911.25
12/01/14	40,000.00	25,911.25	65,911.25
06/01/15	-	24,691.25	24,691.25
12/01/15	40,000.00	24,691.25	64,691.25
06/01/16	-	23,471.25	23,471.25
12/01/16	50,000.00	23,471.25	73,471.25
06/01/17	-	21,946.25	21,946.25
12/01/17	50,000.00	21,946.25	71,946.25
06/01/18	-	20,383.75	20,383.75
12/01/18	55,000.00	20,383.75	75,383.75
06/01/19	-	18,665.00	18,665.00
12/01/19	65,000.00	18,665.00	83,665.00
06/01/20	-	16,633.75	16,633.75
12/01/20	70,000.00	16,633.75	86,633.75
06/01/21	-	14,446.25	14,446.25
12/01/21	75,000.00	14,446.25	89,446.25
06/01/22	-	12,065.00	12,065.00
12/01/22	85,000.00	12,065.00	97,065.00
06/01/23	-	9,366.25	9,366.25
12/01/23	90,000.00	9,366.25	99,366.25
06/01/24	-	6,508.75	6,508.75
12/01/24	95,000.00	6,508.75	101,508.75
06/01/25	-	3,492.50	3,492.50
12/01/25	110,000.00	3,492.50	113,492.50
Total	\$ 890,000.00	\$ 504,832.50	\$ 1,394,832.50

(cont'd)

Village of Calumet Park
Schedule of Long-term Debt Obligations (cont'd)
April 30, 2012

General Obligation Tax Increment Refunding Bonds Series 2010A

Bond issue dated	December 15, 2010
Original issue	\$4,690,000.00
Interest rates	2.00 - 3.80%
Final payment dated	December 1, 2019
Interest payment dates	June 1 and December 1

Due	Principal	Interest	Total
06/01/12	\$ -	\$ 68,267.50	\$ 68,267.50
12/01/12	340,000.00	68,267.50	408,267.50
06/01/13	-	64,867.50	64,867.50
12/01/13	435,000.00	64,867.50	499,867.50
06/01/14	-	59,430.00	59,430.00
12/01/14	455,000.00	59,430.00	514,430.00
06/01/15	-	53,742.50	53,742.50
12/01/15	475,000.00	53,742.50	528,742.50
06/01/16	-	46,617.50	46,617.50
12/01/16	590,000.00	46,617.50	636,617.50
06/01/17	-	37,030.00	37,030.00
12/01/17	620,000.00	37,030.00	657,030.00
06/01/18	-	26,800.00	26,800.00
12/01/18	655,000.00	26,800.00	681,800.00
06/01/19	-	15,010.00	15,010.00
12/01/19	790,000.00	15,010.00	805,010.00
Total	\$ 4,360,000.00	\$ 743,530.00	\$ 5,103,530.00

(cont'd)

Village of Calumet Park
Schedule of Long-term Debt Obligations (cont'd)
April 30, 2012

General Obligation Bonds Series 2010B

Bond issue dated	December 15, 2010
Original issue	\$2,500,000.00
Interest rates	2.00 - 4.00%
Final payment dated	December 1, 2020
Interest payment dates	June 1 and December 1

Due	Principal	Interest	Total
06/01/12	\$ -	\$ 37,913.75	\$ 37,913.75
12/01/12	275,000.00	37,913.75	312,913.75
06/01/13	-	35,163.75	35,163.75
12/01/13	250,000.00	35,163.75	285,163.75
06/01/14	-	32,038.75	32,038.75
12/01/14	265,000.00	32,038.75	297,038.75
06/01/15	-	28,726.25	28,726.25
12/01/15	275,000.00	28,726.25	303,726.25
06/01/16	-	24,807.50	24,807.50
12/01/16	290,000.00	24,807.50	314,807.50
06/01/17	-	20,675.00	20,675.00
12/01/17	305,000.00	20,675.00	325,675.00
06/01/18	-	15,642.50	15,642.50
12/01/18	325,000.00	15,642.50	340,642.50
06/01/19	-	9,955.00	9,955.00
12/01/19	345,000.00	9,955.00	354,955.00
06/01/20	-	3,400.00	3,400.00
12/01/20	170,000.00	3,400.00	173,400.00
Total	\$ 2,500,000.00	\$ 416,645.00	\$ 2,916,645.00

See independent auditor's report.

STATISTICAL SECTION

**Village of Calumet Park
General Property Tax Data
April 30, 2012**

	Levy Year				
	2011	2010	2009	2008	2007
Assessed valuation	\$79,242,899	\$94,470,426	\$94,219,799	\$93,449,031	\$81,979,448
Rate					
General Fund	3.1070	2.5501	2.9482	2.2988	2.4741
Debt Service	0.4146	0.3484	0.3466	0.3457	0.4093
Police Pension	0.7034	0.6078	-	0.5519	0.5628
Library	0.2323	0.2007	0.1954	0.1970	0.2174
Gross Levy					
General Fund	2,462,107	2,409,059	2,777,839	2,148,184	2,086,060
Debt Service	328,560	329,175	326,592	323,033	345,033
Police Pension	557,423	574,146	-	515,735	474,422
Library	184,636	189,583	184,061	184,061	183,237
Total liabilities	\$ 3,532,726	\$ 3,501,963	\$ 3,288,492	\$ 3,171,013	\$ 3,088,752

See independent auditor's report.

SUPPLEMENTARY INFORMATION

Village of Calumet Park
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2012

Federal Grantor/ Program or Cluster Title/ Pass-through Grantor	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Homeland Security - Federal Emergency Management System/ Assistance to Firefighters Grant	97.044	*	\$ 617,500
U.S. Department of Homeland Security - Federal Emergency Management System/ Disaster Grants - Public Assistance	97.036		<u>28,270</u>
Total Department of Homeland Security			645,770
U.S. Department of Housing and Urban Development - Office of Community Planning and Development/ Community Development Block Grants/ Cook County, Illinois	14.218	* 10-008	<u>378,851</u>
Total Federal expenditures			<u>\$ 1,024,621</u>

* Identified as a major program for the year ended April 30, 2012.
See accompanying schedule of findings and questioned costs.

See accompanying notes and independent auditor's report.

Village of Calumet Park
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2012

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Calumet Park, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Subrecipients

The Village of Calumet Park, Illinois provided no federal awards to subrecipients during the fiscal year ended April 30, 2012.

3. Nonmonetary Assistance

The Village of Calumet Park, Illinois neither received nor disbursed federal awards in the form of nonmonetary assistance during the fiscal year ended April 30, 2012.

4. Insurance and Loans or Loan Guarantees

During the year ended April 30, 2012, the Village of Calumet Park, Illinois received no insurance, loans, loan guarantees or other federal assistance for the purpose of administering federal programs.

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INDEPENDENT AUDITOR'S 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

Honorable Mayor and
Members of the Board of Trustees
Village of Calumet Park, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, fiduciary activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Village of Calumet Park, Illinois** as of and for the year ended April 30, 2012, and the statement of revenue, expenditures and changes in fund balance – budget and actual for the General Fund and major Special Revenue Funds, which collectively comprise the Village of Calumet Park, Illinois' basic financial statements, and have issued our report thereon dated February 28, 2013. The report on the government-wide financial statements was qualified because management has not adjusted the liability for the net pension obligation of the police pension funds since April 30, 2010; and the report on the government-wide and Water Fund financial statements was qualified because management has not recorded a liability for certain other post-employment benefit costs and obligations. 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.

Internal Control Over Financial Reporting

Management of the Village of Calumet Park, Illinois is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Village of Calumet Park, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Calumet Park, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Calumet Park, Illinois' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (Findings 2012-1 through 2012-3).

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies (Findings 2012-4 through 2012-5).

The Village of Calumet Park, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village of Calumet Park, Illinois' responses and, accordingly, we express no opinion on the responses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Calumet Park's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, members of the Board of Trustees and the applicable federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Selden Fox, Ltd.

March 4, 2013

Selden Fox, LTD.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and
Members of the Board of Trustees
Village of Calumet Park, Illinois

Compliance

We have audited the compliance of the **Village of Calumet Park, Illinois** with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012. The Village of Calumet Park, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village of Calumet Park, Illinois' management. Our responsibility is to express an opinion on the Village of Calumet Park, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Calumet Park, Illinois' 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 of the Village of Calumet Park, Illinois' compliance with those requirements.

In our opinion, the Village of Calumet Park, Illinois complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2012.

Internal Control Over Compliance

Management of the Village of Calumet Park, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Calumet Park, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Calumet Park, Illinois' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, members of the Board of Trustees, and applicable federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Selden Fox, Ltd.

March 4, 2013

**Village of Calumet Park
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2012**

I. Summary of Audit Results

Financial Statements

1. The auditor's report issued on the financial statements expressed a qualified opinion.
2. Three material weaknesses (Findings 2012-1 to 2012-3) and two significant deficiencies (Findings 2012-4 to 2012-5) related to the audit of the financial statements were reported.
3. No instances of noncompliance material to the financial statements of the Village of Calumet Park, Illinois were disclosed during the audit.

Federal Awards

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported.
5. The auditor's report issued on compliance for the major federal award programs expressed an unqualified opinion.
6. The audit did not disclose any audit findings which are required to be reported under paragraph .510(a) of OMB Circular A-133.
7. The federal programs identified as major programs were:

Federal Program Name	CFDA Number
Assistance to Firefighters Grant	97.044
Community Development Block Grant	14.218

8. The dollar threshold to distinguish between Type A and Type B programs, as described in paragraph .520 (b)(1) of the revised OMB Circular A-133, was the larger of \$300,000 or 3% of total federal awards.
9. The Village of Calumet Park, Illinois does not qualify as a low-risk auditee under paragraph .530 of OMB Circular A-133.

Village of Calumet Park
Schedule of Findings and Questioned Costs (cont'd)
For the Year Ended April 30, 2012

II. Findings Related to the Financial Statements Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

Finding 2012-1 Year End Financial Reporting Process

Statement on auditing standards Number 115, entitled "*Communicating Internal Control Related Matters Identified in an Audit*," provides several examples of circumstances that may be deficiencies, significant deficiencies, or material weaknesses. Among those is the inadequate design of controls over the preparation of financial statements, including note disclosures. In addition, when the auditor identifies a material misstatement (i.e., a material audit adjustment) in the financial statements that was not initially identified by the entity, there is ordinarily a corresponding material weakness. The standard emphasizes that the external auditor cannot be part of an entity's internal control process over financial reporting. Accordingly, we require evidence and documentation from management to support our evaluation about the effectiveness of internal controls over financial reporting.

Selden Fox, Ltd. has prepared the drafts of the Village's financial statements, including note disclosures, as part of the audit process and has made material audit adjustments as reflected in the SAS 114 *Communication With Those Charged With Governance* exhibit for the year ended April 30, 2012. In addition, we have performed the required evaluation under the guidelines of this audit standard as to whether management, other employees, or those charged with corporate governance have the qualifications and training to apply generally accepted accounting principles (GAAP) in preparing the Village's financial statements including note disclosures. Our evaluation has determined the Village does not have anyone with this expertise.

Recommendation

Although considered a material weakness under the standards established by the American Institute of Certified Public Accountants, this issue is typical of many organizations this size where it is not cost-effective to implement such controls. Accordingly, **we recommend** the management and Board of Trustees continue its diligent review of the monthly disbursements and financial statements, and the annual audit report.

Village Response

The Village has determined it is more cost beneficial to contract with the auditors to prepare the financial statements, and will continue its diligent review of the monthly disbursements and financial statements and annual audit report.

Village of Calumet Park
Schedule of Findings and Questioned Costs (cont'd)
For the Year Ended April 30, 2012

II. Findings Related to the Financial Statements Required to be Reported in Accordance With Generally Accepted Government Auditing Standards (cont'd)

Finding 2012-2 Bank Reconciliations

The bank reconciliations were not completed for the year ended April 30, 2012. As part of our audit, we completed monthly bank reconciliations for the general operating, payroll and water accounts, and summarized activity for the other accounts from the monthly bank statements. We were able to resolve most of the differences to the point where the remaining unlocated difference was not considered material to the financial statements.

Recommendation

We recommend the Village establish more effective review and reconciliation policies and procedures as a customary part of the accounting process, and that management report to the Finance Committee on a monthly basis as to the status of the bank reconciliations.

Village Response

The Village concurs with and will take the needed steps to implement the recommendation.

Finding 2012-3 Pension and Other Post-employment Benefit Reporting

The Village contributes to the three separate pension plans, the Illinois Municipal Retirement Fund, the Sheriff's Law Enforcement Personnel Fund, and a separate pension plan for the police. A liability is recognized in the government-wide financial statements for the net pension obligation for these plans. The liability for the police pension plan is based on actuarial valuations performed as of April 30, 2010, the latest valuation received. The independent auditor's report opinion was qualified for the fact that an actuarial valuation was not available as of April 30, 2012.

The Village also offers other post-employment benefits (OPEB) beyond a pension to certain employees. Under Governmental Accounting Standards Board Statement Number 45 (GASB 45), the Village is required to record a liability on the government-wide financial statements for the accrued actuarial liability of the OPEB Plan at April 30. The Village did not have an actuarial valuation performed to determine the liability at April 30, 2012, and the report opinion was qualified for the omission of this liability from the government-wide statement of net assets.

Recommendation

We recommend the Village engage the services of an actuary to perform a valuation for the police pension plan and the OPEB plan as of April 30, 2013.

Village of Calumet Park
Schedule of Findings and Questioned Costs (cont'd)
For the Year Ended April 30, 2012

II. Findings Related to the Financial Statements Required to be Reported in Accordance With Generally Accepted Government Auditing Standards (cont'd)

Finding 2012-3 Pension and Other Post-employment Benefit Reporting

Village Response

The Village concurs with the recommendation and will engage the services of an actuary for the upcoming fiscal year's audit.

Finding 2012-4 Accounts Payable Controls

The Accounts Payable Clerk is responsible for entering the accounts payable invoices into the software and generating the warrant list which is presented to the Board of Trustees for approval. While this individual is not an authorized signer, she has access to the electronic signatures of the account's authorized signers and could in effect initiate, authorize and record a transaction through the use of these electronic signatures, thus compromising the internal control process by eliminating the segregation of duties within the accounts payable disbursement function.

Recommendation

Along with the Treasurer, **we recommend** the Board identify one other individual independent of the purchasing/cash disbursement process to be given access to the electronic signatures as part of the bank reconciliation process, the ending balance in the general ledger for the cash accounts is reconciled to the adjusted bank balance. Receipts posted in the general ledger should be agreed to deposits on the bank statement, with any discrepancies investigated and resolved on a timely basis.

Village Response

The Village recognizes the importance of this key internal control procedure and concurs with this recommendation.

Finding 2012-5 Interfund Balances/Transfers

Many of the interfund balances at April 30, 2012 have been outstanding for over one year. These balances, classified in the audit report as "due from other funds" or "due to other funds," are intended to be short-term advances between funds. Borrowings between funds that are not intended to be short-term in nature should have an established repayment schedule. In addition, these borrowings, if intended to be temporary, are not considered revenues of the receiving fund and expenses of the paying fund, but rather should be recorded only on the balance sheet.

Village of Calumet Park
Schedule of Findings and Questioned Costs (cont'd)
For the Year Ended April 30, 2012

II. Findings Related to the Financial Statements Required to be Reported in Accordance With Generally Accepted Government Auditing Standards (cont'd)

Finding 2012-5 Interfund Balances/Transfers

Recommendation

We recommend interfund activity be reviewed, and a repayment schedule established, for interfund receivable/payable balances expected to be outstanding in excess of one year. If repayment is not likely, alternative means of reducing or eliminating interfund balances should be considered, such as through operating transfers. The Board should approve such transfers through a resolution. Transfers between funds not intended to be permanent should be reflected on the balance sheet only. Transfers intended to be permanent should be budgeted as such.

Village Response

The Village concurs with the recommendation and will establish a repayment schedule to be followed for interfund balances.

III. Findings and Questioned Costs for Major Federal Award Programs

The audit did not disclose any findings or questioned costs to be reported.

IV. Summary Schedule of Prior Audit Findings

The Village of Calumet Park, Illinois was not required to have a single audit in accordance with OMB Circular A-133 in the prior year.