



Village of Forsyth, IL
www.forsythvillage.us

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2011

VILLAGE OF FORSYTH, ILLINOIS
TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets – Modified Cash Basis	15
Statement of Activities – Modified Cash Basis	16
Fund Financial Statements	
Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis	19
Statement of Net Assets – Modified Cash Basis – Proprietary Funds.....	20
Statement of Revenues, Expenses and Changes In Net Assets – Modified Cash Basis – Proprietary Funds.....	21
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	22
Notes to Financial Statements.....	23

VILLAGE OF FORSYTH, ILLINOIS
TABLE OF CONTENTS – Continued

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Illinois Municipal Retirement Fund	
Schedule of Funding Progress	40
Schedule of Employer Contributions.....	41
Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual – General Fund	42
Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual – Motor Fuel Tax Fund	44
Notes to Required Supplementary Information	45
SUPPLEMENTAL FINANCIAL INFORMATION	
Schedule of Expenditures – Budget and Actual – General Fund.....	46
ADDITIONAL SCHEDULES	
Schedule of Assessed Valuation and Taxes Extended and Collected.....	47
Schedule of Legal Debt Margin.....	48
Schedule of Debt Service Requirements – IEPA Loans Payable	49



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

INDEPENDENT AUDITOR'S REPORT

To the Mayor
and Board of Trustees
Village of Forsyth, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Forsyth, Illinois, as of and for the year ended April 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Forsyth, Illinois, as of April 30, 2011, and the respective changes in financial position - modified cash basis and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Forsyth's basic financial statements. The accompanying financial information listed as supplemental financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in the supplemental financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial information listed as "Additional Schedules" in the table of contents has not been subjected to audit procedures and therefore, we do not express an opinion on that information.

Schickel

Springfield, Illinois
July 7, 2011

VILLAGE OF FORSYTH, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Village of Forsyth, Illinois, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2011. We encourage readers to consider the information presented here in conjunction with the basic financial statements and accompanying notes to those financial statements.

Included in the discussion and analysis is a two-year comparison of government-wide data as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Government*.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to Village's basic financial statements, which comprise three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, the discussion and analysis also contains information on other required supplementary information included in this report.

Government-wide Financial Statements

The statement of net assets and the statement of activities are two financial statements that report information about the Village, as a whole, and about its activities. These statements are designed to provide readers with a broad overview of Village's finances, in a manner similar to a private sector business.

The statement of net assets presents all of the Village'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 in total is improving or deteriorating.

Historically, a government's largest group of assets (infrastructure-roads, bridges, storm-sewers, etc.) have not been reported or depreciated in governmental financial statements. The new statement requires that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either depreciate these assets over their estimated useful lives or develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The Village has chosen to depreciate assets over their useful lives. If a road project is considered maintenance - a recurring cost that does not extend the road's original useful life or expand its capacity - the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The statement is focused on both the gross and net cost of various activities, which are supported by the government's general taxes and other resources. This is intended to simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The governmental activities reflect the Village's basic services, including Legislative, Administration, Street, Park and Recreation, and Library. The Village's sales and infrastructure taxes finance most of these services. The Business-type activities reflect private sector type operations (Water and Sewer), where the fee for service typically covers all or most of the cost of operation, including depreciation.

Included within the basic financial statements are schedules that reconcile the amounts reported on the governmental fund financial statements with governmental activities on the appropriate government-wide statements. The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund Financial Statements

The fund financial statements provide more detail than the government-wide financial statements, concentrating on information about the major individual funds. 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 Forsyth, like other units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories, governmental funds and proprietary funds.

Governmental funds. Most of the Village's basic services are reported in the governmental funds, which focus on how monies flow into and out of those funds and the balances left at year-end available for future spending. The governmental fund financial statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Governmental funds are reported using modified cash accounting. Governmental funds include the General Fund and Motor Fuel Tax Fund.

Village of Forsyth government adopts annual appropriated budgets for the General Fund and certain special revenue funds. Budgetary comparison statements have been provided for the General Fund and Motor Fuel Tax Fund to demonstrate compliance with the budget. The governmental fund financial statements can be found on pages 17-19 of this report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Water and Sewer Funds are used to report activities related to the operation of the water and sewer utilities provided to Village residents. The proprietary fund financial statements can be found on pages 20-22 of this report.

**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the Village's financial statements. The notes to financial statements can be found on pages 23-39 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's progress in funding its obligation to provide benefits to employees. In addition, budget vs. actual information for the General Fund and Motor Fuel Tax Fund is presented. Required Supplementary Information can be found on pages 40-45.

Financial Analysis. The following financial information was derived from the government-wide Statement of Net Assets and reflects the Village's financial position as of April 30, 2010 and April 30, 2011:

**Financial Analysis of the Village as a Whole
Table 1
Statement of Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Current and Other Assets	\$ 4,085,882	\$ 5,029,817	\$ 1,573,229	\$ 1,716,847	\$ 5,659,111	\$ 6,746,664
Capital Assets	<u>13,259,692</u>	<u>12,761,005</u>	<u>10,618,691</u>	<u>10,165,161</u>	<u>23,878,383</u>	<u>22,926,166</u>
Total Assets	<u>17,345,574</u>	<u>17,790,822</u>	<u>12,191,920</u>	<u>11,882,008</u>	<u>29,537,494</u>	<u>29,672,830</u>
Current Liabilities	-	-	367,389	368,578	367,689	368,578
Non-current Liabilities	-	-	<u>6,252,233</u>	<u>5,883,355</u>	<u>6,252,233</u>	<u>5,883,355</u>
Total Liabilities	-	-	<u>6,619,622</u>	<u>6,251,933</u>	<u>6,619,622</u>	<u>6,251,933</u>
Net Assets:						
Invested in Capital Assets						
Net of Debt	13,259,692	12,761,005	3,999,069	3,913,228	17,258,761	16,674,233
Restricted	480,637	641,079	-	-	480,637	641,079
Unrestricted	<u>3,605,245</u>	<u>4,388,738</u>	<u>1,573,229</u>	<u>1,716,847</u>	<u>5,178,474</u>	<u>6,105,585</u>
Total Net Assets	<u>\$ 17,345,574</u>	<u>\$ 17,790,822</u>	<u>\$ 5,572,298</u>	<u>\$ 5,630,075</u>	<u>\$ 22,917,872</u>	<u>\$ 23,420,897</u>

The Village's combined net assets were \$22,917,872 for 2010 and \$23,420,897 for 2011 (which is the Village's bottom line). The Village's largest asset is its capital assets (land, buildings, and equipment). The largest liability is its long-term debt. The largest component of the Village's net assets reflects the Village's investment in capital assets, less any related debt that was recorded to acquire or construct the asset.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects the Village's increase in net assets during the current fiscal year:

**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Table 2
Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 175,210	\$ 175,862	\$ 733,251	\$ 818,447	\$ 908,461	\$ 994,309
Operating Grants and Contributions	-	101,039	-	-	-	101,039
Capital Grants and Contributions	86,287	-	59,500	25,955	145,787	25,955
General Revenues						
Municipal sales and use tax, plus interest	4,406,915	4,413,922	-	-	4,406,915	4,413,922
Property taxes	495,796	516,136	-	-	495,796	516,136
State income and replacement tax	214,605	283,662	-	-	214,605	283,662
Hotel/motel tax	160,043	170,237	-	-	160,043	170,237
Gain (loss) on sale of capital assets	33,010	98,009	(589)	-	32,421	98,009
Investment income	10,743	6,335	29,758	31,461	40,501	37,796
Other income	53,131	26,888	-	-	53,131	26,888
Total Revenues	<u>5,635,740</u>	<u>5,792,090</u>	<u>821,920</u>	<u>875,863</u>	<u>6,457,660</u>	<u>6,667,953</u>
EXPENSES						
General Government	2,206,570	2,582,320	-	-	2,206,570	2,582,320
Highways and streets	731,028	1,494,455	-	-	731,028	1,494,455
Culture and Recreation	656,097	737,629	-	-	656,097	737,629
Water and Sewer	-	-	1,141,876	1,185,775	1,141,876	1,185,775
Interest on Long-Term Debt	-	-	173,467	164,749	173,467	164,749
Total Expenses	<u>3,593,695</u>	<u>4,814,404</u>	<u>1,315,343</u>	<u>1,350,524</u>	<u>4,909,038</u>	<u>6,164,928</u>
Transfers	(532,438)	(532,438)	532,438	532,438	-	-
Change in Net Assets	1,509,607	445,248	39,015	57,777	1,548,622	503,025
Net Assets, beginning of year	<u>15,835,967</u>	<u>17,345,574</u>	<u>5,533,283</u>	<u>5,572,298</u>	<u>21,369,250</u>	<u>22,917,872</u>
Net Assets, end of year	<u>\$ 17,345,574</u>	<u>\$ 17,790,822</u>	<u>\$ 5,572,298</u>	<u>\$ 5,630,075</u>	<u>\$ 22,917,872</u>	<u>\$ 23,420,897</u>

Governmental Activities: For the fiscal year ending April 30, 2010, revenues for governmental activities totaled \$5,635,740. Fiscal year ending April 30, 2011, revenues for governmental activities totaled \$5,792,090. Municipal sales and non-home rule tax continue to be the Village's largest revenue source, coming in at \$4,413,922.

In 2007 the Village of Forsyth placed on the ballot an initiative to increase the non-home rule tax by .50% for infrastructure. The increase would be used to build additional infrastructure projects, for example, a new Forsyth Grade School. After the voters approved the increase, the Village then entered into an agreement with the Maroa/Forsyth School District for the Village to dedicate .50% increase in non-home rule tax collected to build a new school. It is the intention of the School District to repay the Village the dedicated funds over a period of time to be specified in a future and currently undeveloped agreement. At the end of fiscal year 2007/2008 only one agreement had been completed. The agreement states the Village shall issue a check to the Maroa/Forsyth School District Debt Service Fund within 15 days of receiving the monthly

**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

.50% non-home rule tax collections. The Village plans to enter into additional agreements with the School District in the near future which will cover the repayment terms of the dedicated funds. The .50% non-home rule tax increase went into effect January 1, 2008. The Village received the increase in April 2008. The Village did make the first and second installment payments in May 2008 despite the fact that the agreements related to defining repayment terms had not yet been completed. The Village completed the second agreement with the Maroa/Forsyth School District on January 20, 2009. The second agreement provided for purchasing the 20.01 acres of land on which the Grade School was built.

For the fiscal year ending April 30, 2010, expenses for governmental activities totaled \$3,593,695. For the Fiscal year ending April 30, 2011 expenses for governmental activities totaled \$4,814,404.

The Village of Forsyth contracts with the Macon County Sheriff for law enforcement officers. Contracts are generally designed as a three (3) year agreement. The Village entered into a three (3) year agreement that began in fiscal year 2008/2009 and will end in fiscal year 2011/2012. During 2010/2011 the Village negotiated and entered into a four (4) year agreement (2011/2012 to 2015/2016) with the Macon County Sheriff.

The Village of Forsyth capital projects for Fiscal year ending April 30, 2011: The Village will continue working with Macon County overlay of County 20, while working to address Phillip Circle drainage during the County 20 project. During the fiscal year the following capital projects were completed: 2010 Street Overlay (Loma, Ventura, Koester and Lucile), and the Village purchased two properties (233 & 245 Barnett) to correct drainage problems. The Library department remodeled and created additional work areas.

The most current cost of living increase, occurred 4/19/2010 (fiscal year 2009/2010) in the amount of 3.0% for all employees. In Fiscal Year 2007/2008 a compensation study with written job descriptions for all employees was completed by Condrey and Associates. In fiscal year 2008/2009, the Village Board approved option B of the study, which brought employees' wages to a 1st quarter 2007 market rate for each position held. A copy of the study is available from the Village Administrator. The only wage increases were granted to Village Administrator and Building Inspector. The remainder received no cost of living or wage increases during fiscal year 2010/2011.

Business-Type Activities: For the fiscal year ending April 30, 2010, revenues for business type activities totaled \$821,920 and for the fiscal year ending April 30, 2011, revenues for business type activities totaled \$875,863. Revenue comes from fees charged for water and sewer usage by residents/business. Fees such as water and sewer tapping, water meters, inspections, etc. also make up this revenue source.

For the fiscal year ending April 30, 2010, expenses for business type activities totaled \$1,315,343 and for the fiscal year ending April 30, 2011, expenses for business type activities totaled \$1,350,524.

On January 4, 2010 the Village passed Ordinance # 782 to change the Sewer rates from \$2.50 per 1,000 gallons to \$2.95 per 1,000 gallons, no sewer breaks for pool fills and no summer sewer

**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

usage breaks. In addition, individuals with a flat sewer rate decreased from \$17.75 to \$16.80. On May 17, 2010 the Village passed Ordinance # 791 to change the Water rates from \$2.37 per 1,000 gallons up to the first 20,000 gallons and \$1.98 per 1,000 gallons over 20,000 gallons for residential and commercial users to \$2.37 per 1,000 gallons for residential while all commercial users will continue at \$2.37 per 1,000 gals. up to the first 20,000 gallons and \$1.98 per 1,000 gallons over 20,000 gallons.

In fiscal year 2004/2005 the Village of Forsyth began the construction of the new Water Treatment Plant project, with Farnsworth Engineering overseeing the project. Expenses continued into fiscal year 2006/2007. The Village of Forsyth completed the Water Treatment Plant project in fiscal year 2006/2007. However as of April 30, 2011, the project has not been closed out with the IEPA. IEPA called in 2007/2008 about this open project and gathered some information, but the Village has not heard any more from the IEPA. In September 2009 the Village spoke with Farnsworth Engineering who in return contacted IEPA. On October 12, 2010 the Village provided copies of documents to Farnsworth Engineering. Farnsworth submitted documents to IEPA and at the end of the 2010/2011 fiscal year the project remains open.

Financial Analysis of the Village's Funds

Governmental Funds

The governmental funds reflect a General Fund balance of \$3,838,138 for the fiscal year ending April 30, 2010 and \$4,694,873 for the fiscal year ending April 30, 2011. The General fund balance overall increased by \$856,735. For the fiscal year ending April 30, 2010, the Motor Fuel Tax Fund had a fund balance of \$247,744 and \$334,944 for fiscal year ending April 30, 2011, an increase of \$87,200. The Village received \$14,261 from the Illinois Jobs Now capital bill program and minimal expenses to close out the Hickory Point Drive Improvements, contributed to the increase within the Motor Fuel Tax fund.

Proprietary Funds

The business-type funds reflect the Water Fund net assets for fiscal year ending April 30, 2010 in the amount of \$4,000,839, and \$3,988,897 for fiscal year ending April 30, 2011, a decrease of \$11,942. The decrease was due to higher expenses within the water fund compared to 2009/2010. The Sewer Fund net assets for the fiscal year ending April 30, 2010 was \$1,571,459, and \$1,641,178 for the fiscal year ending April 30, 2011, an increase of \$69,719. The increase was due to higher revenues and fewer expenses within the sewer fund compared to 2009/2010.

2010/2011 Budget Fiscal Year: During the fiscal year 2010/2011, the Village Board approved Resolution # 11-01 on April 18, 2011, which amended the budget. These budget amendments were primarily done to transfer certain dollar amounts from one line item to other line items in order to meet obligations of the Village.

VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table 3
General Fund Budgetary Highlights for the
Fiscal Year Ended April 30, 2011
With Comparative Actual Totals for the Year Ended April 30, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual 2011</u>	<u>Actual 2010</u>
REVENUES				
Taxes	\$ 5,271,100	\$ 5,271,100	\$ 5,383,957	\$ 5,277,359
Licenses and Permits	135,000	135,000	175,862	175,210
Other	39,330	39,330	36,138	61,862
Total Revenues	<u>5,445,430</u>	<u>5,445,430</u>	<u>5,595,957</u>	<u>5,514,431</u>
EXPENDITURES AND OTHER FINANCING SOURCES (USES)				
Expenditures	\$ (5,625,337)	\$ (5,631,522)	\$ (4,363,926)	\$ (3,973,386)
Transfers Out	(532,438)	(526,972)	(532,438)	(516,785)
Proceeds from sale of capital assets	92,500	92,500	157,142	92,500
Total Expenditures and Transfers	<u>(6,065,275)</u>	<u>(6,065,994)</u>	<u>(4,739,222)</u>	<u>(4,397,761)</u>
Change in Fund Balance	<u>\$ (619,845)</u>	<u>\$ (620,564)</u>	<u>\$ 856,735</u>	<u>\$ 1,116,670</u>

Capital Assets

The following represents capital asset balances for the Village as of April 30, 2010 and April 30, 2011. More detailed information regarding the Village's capital assets are presented in Note 5 to the financial statements.

Capital Assets
Table 4

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Land, not Depreciated	\$ 2,524,702	\$ 2,255,133	\$ -	\$ -	\$ 2,524,702	\$ 2,255,133
Construction in progress	518,992	303,546	46,713	93,812	565,705	397,358
Buildings	3,306,670	3,336,516	6,196,946	6,196,946	9,503,616	9,533,462
Improvements other than buildings	456,904	456,904	-	-	456,904	456,904
Equipment	1,237,682	1,307,085	207,664	233,619	1,445,346	1,540,704
Drainage improvements	9,187	94,571	-	-	9,187	94,571
Meters	-	-	101,437	101,437	101,437	101,437
Streets	7,656,509	7,879,691	-	-	7,656,509	7,879,691
Storm/sanitary sewer System infrastructure	259,225	259,225	5,966,709	5,966,709	6,225,934	6,225,934
	2,157,102	2,157,102	4,643,934	4,643,934	6,801,036	6,801,036
Less:						
Accumulated Depreciation	<u>(4,867,281)</u>	<u>(5,288,768)</u>	<u>(6,544,712)</u>	<u>(7,071,296)</u>	<u>(11,411,993)</u>	<u>(12,360,064)</u>
Total	<u>\$ 13,259,692</u>	<u>\$ 12,761,005</u>	<u>\$ 10,618,691</u>	<u>\$ 10,165,161</u>	<u>\$ 23,878,383</u>	<u>\$ 22,926,166</u>

**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Capital Assets 2010

At the end of Fiscal year 2010, the Village Governmental Activities and Business-Type Activities had invested \$23.9 million (page 31 & 32, Note 5 to the financial statements for fiscal year 2010) in a variety of capital assets as reflected in the following chart.

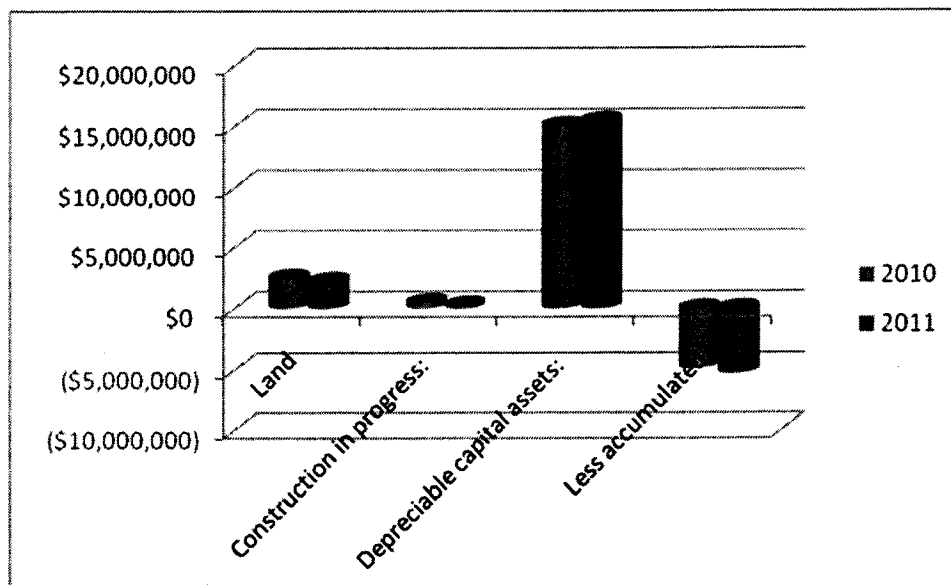
• Land	\$ 2,524,702
• Construction in progress	518,992
• Depreciable capital assets	<u>15,083,279</u>
• Total capital assets	18,126,973
• Less accumulated depreciation	<u>(4,867,281)</u>
• Total governmental activities Capital Asset net	<u>\$ 13,259,692</u>

Capital Assets 2011

At the end of Fiscal year 2011, the Village Governmental Activities and Business-Type Activities had invested \$22.9 million (page 31 & 32, Note 5 to the financial statements for fiscal year 2011) in a variety of capital assets as reflected in the following chart.

• Land	\$ 2,255,133
• Construction in progress	303,546
• Depreciable capital assets	<u>15,491,094</u>
• Total capital assets	18,049,773
• Less accumulated depreciation	<u>(5,288,768)</u>
• Total governmental activities Capital Asset net	<u>\$ 12,761,005</u>

Governmental Activities Capital Asset 2010 and 2011 Chart



**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

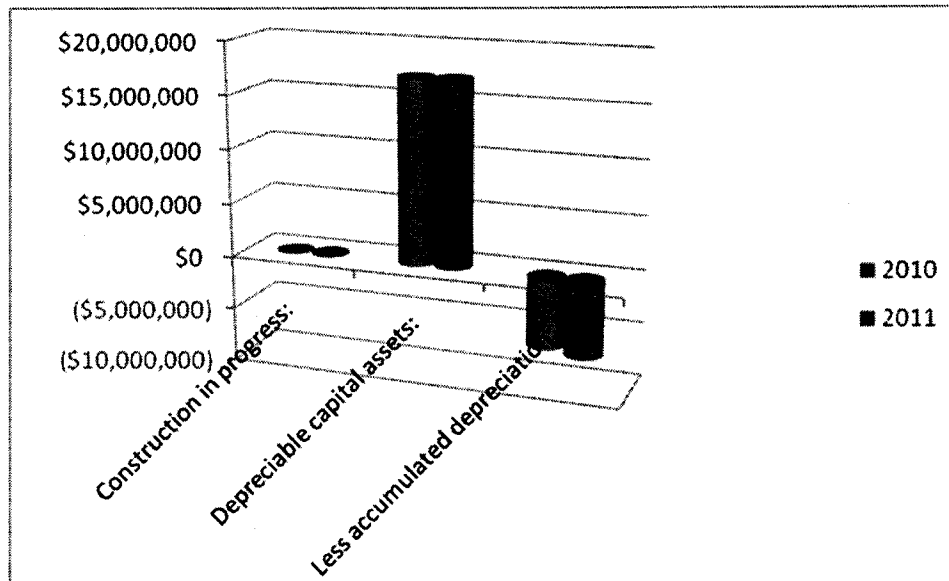
Capital Assets 2010

• Construction in process	\$ 46,713
• Depreciable capital assets	<u>17,116,690</u>
• Total capital assets	17,163,403
• Less accumulated depreciation	<u>(6,544,712)</u>
• Total Business-type activities Capital assets, net	<u>\$ 10,618,691</u>

Capital Assets 2011

• Construction in process	\$ 93,812
• Depreciable capital assets	<u>17,142,645</u>
• Total capital assets	17,236,457
• Less accumulated depreciation	<u>(7,071,296)</u>
• Total Business-type activities Capital assets, net	<u>\$ 10,165,161</u>

Business-type activities Capital assets 2010 and 2011 Chart



**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

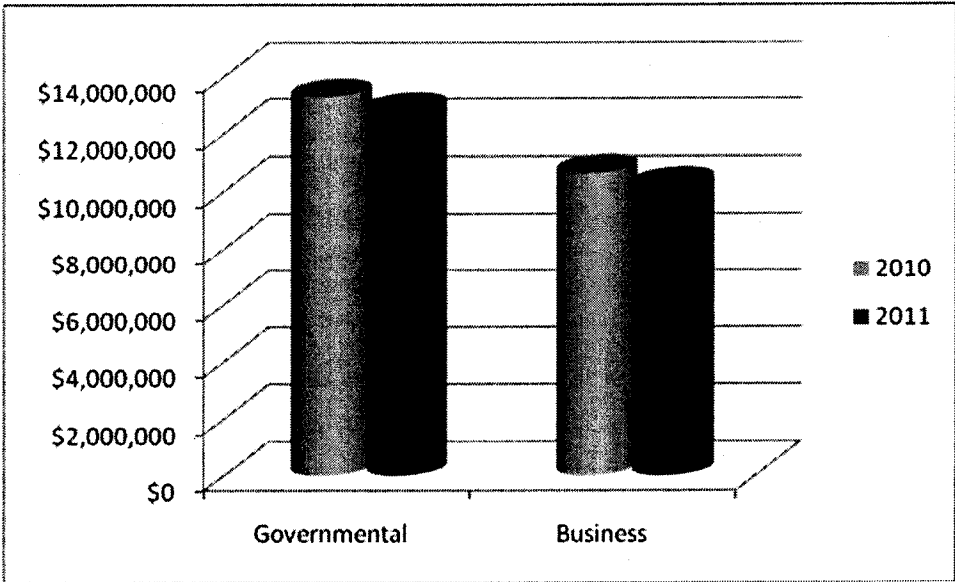
Capital Assets 2010

- **Governmental Activities Capital Assets = \$ 13,259,692**
- **Business Type Activities Capital Assets = 10,618,691**
- **Total \$ 23,878,383**

Capital Assets 2011

- **Governmental Activities Capital Assets = \$ 12,761,005**
- **Business Type Activities Capital Assets = 10,165,161**
- **Total \$ 22,926,166**

Governmental and Business Activities 2010 and 2011



**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Debt

The following represents indebtedness balances of the Village as of April 30, 2011. More detailed information regarding the Village's long-term debt obligations is presented Note 7 in the notes to the financial statements.

**Table 5
Bonded and Similar Indebtedness**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Sewer:						
Notes payable (Woodland Hills)	\$ -	\$ -	\$ 379,596	\$ 345,934	\$ 379,596	\$ 345,934
IEPA loan payable - (Montz. Hills) subdivision	-	-	626,119	585,256	626,119	585,256
IEPA loan payable - (HP Estates) subdivision	-	-	778,317	738,206	778,317	738,206
Water:						
IEPA loan payable - pipeline	\$ -	\$ -	\$ 594,581	\$ 560,092	\$ 594,581	\$ 560,092
IEPA loan payable - Water plant	-	-	4,241,009	4,022,445	4,241,009	4,022,445
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,619,622</u>	<u>\$ 6,251,933</u>	<u>\$ 6,619,622</u>	<u>\$ 6,251,933</u>

Debt in the form of bonds and loans from the Illinois Environmental Protection Agency were issued primarily to provide funds for the acquisition and construction of capital facilities for water and sewer treatment facilities.

Economic Factors and Next Year's Budgets and Rates

The Village Board approved a Five (5) year capital improvement plan on April 18, 2011. The Five (5) year capital improvement plan has been designed to project major capital items based upon priority needs and a guideline for developing next fiscal year's budget. The Village Board approved the fiscal year 2011/2012 Budget on April 18, 2011. The Village of Forsyth 2011/2012 fiscal year budget contains detailed information on expenditures and revenues. Projects carried over from the 2010/2011 budget are: Oreana Water Main, Stevens Creek/Weaver Road Bridge, Standby generator for Lift Station, Co 20 Project, and Route 51/Elwood Phase 4. New major expenditures for 2010/2011 fiscal year include 2010 Street Overlay (Forsyth Estates, Lucile Ave, Koester Dr. and Highland Ave), Barnett Ave. Drainage, and Stevens Creek /Weaver road Bridge Repairs.

With regard to revenues during the 2011/2012 fiscal year, the Village has flat lined budget revenues based upon ending estimates for 2010/2011, due to the current economy. The Village continues to collect .50% for non home-rule tax that started in 2007/2008. This .50% is being paid to the Maroa/Forsyth School at this time.

**VILLAGE OF FORSYTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Looking further into upcoming years, the Village expenditures could see such projects as, Village Hall remodel/expansion, Overlay projects for Christopher Drive, Spyglass, and Schroll, Diamond's no. 1 & 2 lighting upgrades, Shadow Ridge Subdivision Water Main. Revenues for the Village are projected to continue to be flat-lined due to the economy.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in its financial structure. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Village of Forsyth Administrator – Heather V. Kimmons or Village of Forsyth Treasurer - Rhonda Stewart, Address: 301 S. Route 51, P.O. Box 80, Forsyth, Illinois 62535. Phone: (217) 877-9445.

VILLAGE OF FORSYTH, ILLINOIS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

April 30, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 205,257	\$ 1,716,847	\$ 1,922,104
Investments	4,824,560	-	4,824,560
Total current assets	5,029,817	1,716,847	6,746,664
Capital assets:			
Capital assets, not being depreciated	2,558,679	93,812	2,652,491
Other capital assets, net of accumulated depreciation	10,202,326	10,071,349	20,273,675
Total capital assets	12,761,005	10,165,161	22,926,166
Total assets	\$ 17,790,822	\$ 11,882,008	\$ 29,672,830
LIABILITIES AND NET ASSETS			
Liabilities			
Amounts due within one year:			
Note payable	\$ -	\$ 34,551	\$ 34,551
IEPA loans payable	-	342,502	342,502
Amounts due in more than one year:			
Note payable	-	311,383	311,383
IEPA loans payable	-	5,563,497	5,563,497
Total liabilities	-	6,251,933	6,251,933
Net Assets:			
Invested in capital assets, net of related debt	12,761,005	3,913,228	16,674,233
Restricted for:			
Highways and streets	334,944	-	334,944
Economic development	306,135	-	306,135
Unrestricted	4,388,738	1,716,847	6,105,585
Total net assets	\$ 17,790,822	\$ 5,630,075	\$ 23,420,897

The accompanying notes are an integral part of this statement.

VILLAGE OF FORSYTH, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,582,320	\$ 157,613	\$ 3,353	\$ -	\$ (2,421,354)	\$ -	\$ (2,421,354)
Highways and streets	1,494,455	-	97,686	-	(1,396,769)	-	(1,396,769)
Culture and recreation	737,629	18,249	-	-	(719,380)	-	(719,380)
Total governmental activities	4,814,404	175,862	101,039	-	(4,537,503)	-	(4,537,503)
Business-type activities							
Water	923,844	490,360	-	25,955	-	(407,529)	(407,529)
Sewer	426,680	328,087	-	-	-	(98,593)	(98,593)
Total business-type activities	1,350,524	818,447	-	25,955	-	(506,122)	(506,122)
Total primary government	\$ 6,164,928	\$ 994,309	\$ 101,039	\$ 25,955	(4,537,503)	(506,122)	(5,043,625)
General revenues:							
Taxes:							
Property taxes					516,136	-	516,136
State income and replacement tax					283,662	-	283,662
Municipal sales and use tax, including interest					4,413,922	-	4,413,922
Hotel/motel tax					170,237	-	170,237
Other income					26,888	-	26,888
Gain (loss) on sale of capital assets					98,009	-	98,009
Investment income					6,335	31,461	37,796
Transfers					(532,438)	532,438	-
Total general revenues and transfers					4,982,751	563,899	5,546,650
Change in net assets					445,248	57,777	503,025
Net assets, beginning of year					17,345,574	5,572,298	22,917,872
Net assets, end of year					\$ 17,790,822	\$ 5,630,075	\$ 23,420,897

The accompanying notes are an integral part of this statement.

VILLAGE OF FORSYTH, ILLINOIS
Governmental Funds

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - MODIFIED CASH BASIS

April 30, 2011

ASSETS	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 193,886	\$ 11,371	\$ 205,257
Investments	<u>4,500,987</u>	<u>323,573</u>	<u>4,824,560</u>
Total assets	<u>\$ 4,694,873</u>	<u>\$ 334,944</u>	<u>\$ 5,029,817</u>
LIABILITIES AND FUND BALANCE			
Liabilities - none	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances			
Reserved for:			
Reserved for highways and streets	-	334,944	334,944
Reserved for economic development	306,135	-	306,135
Unreserved	<u>4,388,738</u>	<u>-</u>	<u>4,388,738</u>
Total fund balances	<u>4,694,873</u>	<u>334,944</u>	<u>5,029,817</u>
Total liabilities and fund balance	<u>\$ 4,694,873</u>	<u>\$ 334,944</u>	<u>\$ 5,029,817</u>
Total fund balances - governmental funds			\$ 5,029,817
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.			<u>12,761,005</u>
Net assets of governmental activities			<u>\$ 17,790,822</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FORSYTH, ILLINOIS
Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS

For the Year Ended April 30, 2011

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 516,136	\$ -	\$ 516,136
State income and replacement tax	283,662	-	283,662
Municipal sales and use tax, including interest	4,413,922	-	4,413,922
Hotel/motel tax	170,237	-	170,237
Investment income	5,897	438	6,335
Motor fuel tax payments	-	97,686	97,686
Permits and fees	139,862	-	139,862
Liquor license	36,000	-	36,000
State grants	3,353	-	3,353
Miscellaneous	26,888	-	26,888
	<u>5,595,957</u>	<u>98,124</u>	<u>5,694,081</u>
EXPENDITURES			
Current operations:			
General government	2,079,071	-	2,079,071
Highways and streets	391,176	-	391,176
Culture and recreation	521,936	-	521,936
Capital outlay	1,371,743	10,924	1,382,667
	<u>4,363,926</u>	<u>10,924</u>	<u>4,374,850</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)			
	<u>1,232,031</u>	<u>87,200</u>	<u>1,319,231</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	157,142	-	157,142
Transfers out	(532,438)	-	(532,438)
	<u>(375,296)</u>	<u>-</u>	<u>(375,296)</u>
NET CHANGE IN FUND BALANCE	856,735	87,200	943,935
FUND BALANCE, BEGINNING OF YEAR	<u>3,838,138</u>	<u>247,744</u>	<u>4,085,882</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,694,873</u>	<u>\$ 334,944</u>	<u>\$ 5,029,817</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FORSYTH, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities - Modified Cash Basis

For the Year Ended April 30, 2011

Net change in fund balances - governmental funds \$ 943,935

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amount are:

Capital asset purchases capitalized	512,745
Depreciation	(556,477)

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.

(454,955)

Change in net assets of governmental activities.

\$ 445,248

The accompanying notes are an integral part of this statement.

VILLAGE OF FORSYTH, ILLINOIS
Proprietary Funds

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
April 30, 2011

	<u>Water</u>	<u>Sanitary Sewer</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,559,380	\$ 157,467	\$ 1,716,847
Total current assets	<u>1,559,380</u>	<u>157,467</u>	<u>1,716,847</u>
Capital assets:			
Capital assets, not being depreciated	74,019	19,793	93,812
Other capital assets, net of accumulated depreciation	<u>6,938,035</u>	<u>3,133,314</u>	<u>10,071,349</u>
Total capital assets, net	<u>7,012,054</u>	<u>3,153,107</u>	<u>10,165,161</u>
Total assets	<u>8,571,434</u>	<u>3,310,574</u>	<u>11,882,008</u>
LIABILITIES			
Current liabilities:			
Note payable	-	34,551	34,551
IEPA loans payable	259,419	83,083	342,502
Non-current liabilities:			
Note payable	-	311,383	311,383
IEPA loans payable	<u>4,323,118</u>	<u>1,240,379</u>	<u>5,563,497</u>
Total liabilities	<u>4,582,537</u>	<u>1,669,396</u>	<u>6,251,933</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,429,517	1,483,711	3,913,228
Unrestricted	<u>1,559,380</u>	<u>157,467</u>	<u>1,716,847</u>
Total net assets	<u>\$ 3,988,897</u>	<u>\$ 1,641,178</u>	<u>\$ 5,630,075</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF FORSYTH, ILLINOIS
Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS

For the Year Ended April 30, 2011

	Water	Sanitary Sewer	Total
REVENUES			
Charges for services	\$ 490,360	\$ 294,068	\$ 784,428
Special assessments	-	34,019	34,019
Total operating revenues	490,360	328,087	818,447
EXPENSES			
Personal services	128,877	27,377	156,254
Utilities	58,312	7,468	65,780
Maintenance and repairs	106,751	11,049	117,800
Supplies	167,890	6,793	174,683
Contractual services	10,791	2,141	12,932
Miscellaneous	1,523	72	1,595
Office supplies	-	5,034	5,034
Discharge fee	-	125,112	125,112
Depreciation	330,382	196,203	526,585
Total expenses	804,526	381,249	1,185,775
OPERATING INCOME (LOSS)	(314,166)	(53,162)	(367,328)
NONOPERATING INCOME (EXPENSE)			
Investment income	23,216	8,245	31,461
Interest expense	(119,318)	(45,431)	(164,749)
Total nonoperating income (expense)	(96,102)	(37,186)	(133,288)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(410,268)	(90,348)	(500,616)
Capital contributions	25,955	-	25,955
Transfers in	372,371	160,067	532,438
CHANGE IN NET ASSETS	(11,942)	69,719	57,777
NET ASSETS, BEGINNING OF YEAR	4,000,839	1,571,459	5,572,298
NET ASSETS, END OF YEAR	\$ 3,988,897	\$ 1,641,178	\$ 5,630,075

The accompanying notes are an integral part of this statement.

VILLAGE OF FORSYTH, ILLINOIS
Proprietary Funds

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

For the Year Ended April 30, 2011

	Water	Sanitary Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 490,360	\$ 328,087	\$ 818,447
Payments to suppliers	(345,267)	(157,669)	(502,936)
Payments to employees	(128,877)	(27,377)	(156,254)
	<u>16,216</u>	<u>143,041</u>	<u>159,257</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	<u>372,371</u>	<u>160,067</u>	<u>532,438</u>
Net cash from non-capital financing activities	<u>372,371</u>	<u>160,067</u>	<u>532,438</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(27,307)	(19,793)	(47,100)
Principal paid on note payable	(253,053)	(114,636)	(367,689)
Interest paid	(119,318)	(45,431)	(164,749)
Net cash from capital and related financing activities	<u>(399,678)</u>	<u>(179,860)</u>	<u>(579,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments	800,000	-	800,000
Interest received	23,216	8,245	31,461
Net cash from investing activities	<u>823,216</u>	<u>8,245</u>	<u>831,461</u>
Net decrease in cash and cash equivalents	812,125	131,493	943,618
Cash and cash equivalents, beginning of year	<u>747,255</u>	<u>25,974</u>	<u>773,229</u>
Cash and cash equivalents, end of year	<u>\$ 1,559,380</u>	<u>\$ 157,467</u>	<u>\$ 1,716,847</u>
Reconciliation of operating loss to net cash from operating activities:			
Operating loss	\$ (314,166)	\$ (53,162)	\$ (367,328)
Adjustments to reconcile operating loss to net cash from operating activities			
Depreciation	<u>330,382</u>	<u>196,203</u>	<u>526,585</u>
Net cash from operating activities	<u>\$ 16,216</u>	<u>\$ 143,041</u>	<u>\$ 159,257</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital assets contributed	\$ 25,955	\$ -	\$ 25,955

The accompanying notes are an integral part of this statement.

VILLAGE OF FORSYTH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Forsyth, Illinois (Village) have been prepared in conformity with the modified cash basis of accounting. This modified cash basis of accounting differs from generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

- (a) Reporting Entity – The financial statements of the Village include all organizations, activities, functions and component units for which the Village is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Village is able to influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.
- (b) Government-wide Financial Statements – The basic financial statements include both government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The Statement of Net Assets and Statement of Activities display information about the Village as a whole. These statements include the financial activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the Village that are governmental in nature (which normally are supported by taxes and intergovernmental revenues) and those that are considered business-type activities (which rely to a significant extent on fees and charges for support). The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the Village at year end.

The Statement of Activities demonstrates the degree to which the direct expenses of a functional category (highways and streets, culture and recreation, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. 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 activity, 2) grants and contributions that are restricted to meeting the

VILLAGE OF FORSYTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(b) Government-wide Financial Statements – Continued

operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Village.

- (c) Fund Financial Statements – During the year, the Village segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Village maintains governmental and proprietary funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Village's major governmental funds:

General Fund – The General Fund accounts for all financial resources, except those required to be accounted for in another fund.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund is used to account for motor fuel taxes received that are legally restricted to expenditures for a specific purpose.

VILLAGE OF FORSYTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(c) Fund Financial Statements – Continued

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, the Village has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting or enterprise funds and business-type activities.

The Water Fund and the Sanitary Sewer Fund provide water services and sanitary sewer waste collection and transmission services to Village citizens and accounts for operations that are financed in a manner similar to private business enterprises.

- (d) Measurement Focus – In the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in Note 1(e).

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

VILLAGE OF FORSYTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

- (f) Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, for proprietary funds, the Village considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.
- (g) Investments – Investments include certificates of deposit and accounts with the Illinois Treasurer's Illinois Funds. These accounts are stated at cost, which approximates fair value. Illinois Funds were established to supplement and enhance the investment opportunities available to custodians of public agency funds throughout the State. The management, custodianship, and operation of the Illinois Funds are under the supervision of the State of Illinois, Office of the Treasurer.
- (h) Capital Assets – The Village's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Governmental-wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004, are recorded at cost. Contributed capital assets are recorded at estimated fair market value at the time received. The Village capitalization policy is for all expenditures greater than \$ 5,000.

VILLAGE OF FORSYTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS - Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

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 included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

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

Buildings	50 years
Improvements other than buildings	20 to 40 years
Equipment	4 to 10 years
Drainage improvements	35 to 50 years
Meters	10 years
Streets	20 to 25 years
Storm/sanitary sewer	50 years
System infrastructure	20 to 50 years

Fund Financial Statements

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

- (i) Interfund Activity – Interfund activity is reported as either loans, services provided, reimbursements or transfers. On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Due to/Due from". Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers which are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as "Internal Balances".

VILLAGE OF FORSYTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

- (j) Use of Estimates – The preparation of the financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Village requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.
- (k) Compensated Absences - The Village does not report accrued vacation leave or sick pay under the modified cash basis of accounting. Such amounts are reported as expenditures when paid.

Full-time and part-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Village. Employees are entitled to all accrued vacation leave upon termination. Sick leave also accrues to full-time employees; however, unused sick leave is not payable upon termination of employment.

(l) Fund Balance/Net Assets

Government-wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$641,079 of restricted net assets, of which \$306,135 is restricted by enabling legislation.
- c. Unrestricted net assets – All other net assets that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

VILLAGE OF FORSYTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - Continued

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(l) Fund Balance/Net Assets – Continued

Fund Financial Statements

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

(m) Long-Term Debt

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

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

2. DEPOSITS AND INVESTMENTS

The Village's Board of Trustees have adopted an investment policy to invest in investments allowed by the Illinois Compiled Statutes (ILCS) which authorize the Village to make deposits in interest-bearing depository accounts in federally insured and/or state chartered banks and savings and loan associations, or other financial institutions as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market mutual funds whose portfolios consist of governmental securities, The Illinois Funds, and annuities.

- (a) Deposits – Separate bank accounts are maintained for all Village funds, which are all held at financial institutions. At April 30, 2011, the carrying amount of the Village's deposits, excluding petty cash, was \$1,921,879. The bank balances of these deposits totaled \$1,963,081. The entire bank balance was covered by federal depository insurance or collateral held by the Village's agent.
- (b) Investments – The Village invests in the Illinois Funds Money Market Fund which consists of monies invested by individual participants that are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. The individual participants maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral;

VILLAGE OF FORSYTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS - Continued

2. DEPOSITS AND INVESTMENTS – Continued

therefore, no collateral is identified with each individual participants account. The Village's balance in the Illinois Funds at April 30, 2011, was \$4,824,560.

- (c) Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits might not be recovered. The Village's investment policy requires the financial institutions utilized by the Village to provide appropriate collateral for deposits in excess of FDIC insurance limits. Credit risk on investments is mitigated by limiting investments to those specified in state and local statute. U.S. Treasuries are federal government securities that do not require disclosure of credit risk. The Illinois Funds Money Market Fund is rated AAAM by Standard & Poors.
- (d) Concentration of Credit Risk – The Village's investment policy states investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. Diversification strategies shall be determined and revised periodically by the Village Treasurer.
- (e) Interest Rate Risk – Interest rate risk is the risk that the market value of portfolio securities will fall due to a decrease in general interest rates. Interest rate risk is mitigated by structuring the Village's portfolio so that securities mature to meet the Village's cash requirements for ongoing operations.

3. PROPERTY TAXES

The Village's property tax is levied and attached as an enforceable lien on January 1 of each year on property values assessed as of the same date. The 2009 tax levy is recorded as revenue in the year ended April 30, 2011.

Taxes levied in one year become due and payable in two installments during the following year. The first installment is due no later than June 1 and the second installment is due no later than September 1. Property taxes are collected by the Macon County Collector who remits to each taxing unit its respective share of the collections.

4. INTERFUND TRANSACTIONS

A summary of interfund transactions during the year ended April 30, 2011, follows:

	<u>Transfer In</u>	<u>Transfers out</u>
Major Funds:		
General Fund	\$ -	\$ 532,438

VILLAGE OF FORSYTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

4. INTERFUND TRANSACTIONS – Continued

	<u>Transfer In</u>	<u>Transfers out</u>
Enterprise Funds:		
Water	\$ 372,371	\$ -
Sewer	<u>160,067</u>	<u>-</u>
Total interfund transfers	<u>\$ 532,438</u>	<u>\$ 532,438</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

5. CAPITAL ASSETS

Capital asset activity, resulting from modified cash basis transactions, for the year ending April 30, 2011 consists of the following:

	<u>Balances</u> <u>May 1,</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balances</u> <u>April 30</u>
Governmental activities:					
Land	\$ 2,524,702	\$ 40,000	\$ 309,569	\$ -	\$ 2,255,133
Construction in progress	<u>518,992</u>	<u>89,213</u>	<u>-</u>	<u>(304,659)</u>	<u>303,546</u>
Capital assets not being depreciated	<u>3,043,694</u>	<u>129,213</u>	<u>309,569</u>	<u>(304,659)</u>	<u>2,558,679</u>
Depreciable capital assets:					
Buildings	3,306,670	145,141	123,313	8,018	3,336,516
Improvements other than buildings	456,904	-	-	-	456,904
Equipment	1,237,682	226,466	157,063	-	1,307,085
Drainage improvements	9,187	1,000	-	84,384	94,571
Streets	7,656,509	10,925	-	212,257	7,879,691
Storm/sanitary sewer	259,225	-	-	-	259,225
System infrastructure	<u>2,157,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,157,102</u>
Total depreciable assets	<u>15,083,279</u>	<u>383,532</u>	<u>280,376</u>	<u>304,659</u>	<u>15,491,094</u>
Accumulated depreciation:					
Buildings	(1,618,366)	(114,076)	-	-	(1,732,442)
Improvements other than buildings	(221,689)	(25,131)	-	-	(246,820)
Equipment	(572,944)	(99,629)	134,990	-	(537,583)
Drainage improvements	(5,118)	(1,363)	-	-	(6,481)
Streets	(934,401)	(272,199)	-	-	(1,206,600)
Storm/sanitary sewer	(33,401)	(5,184)	-	-	(38,585)
System infrastructure	<u>(1,481,362)</u>	<u>(38,895)</u>	<u>-</u>	<u>-</u>	<u>(1,520,257)</u>
Total accumulated depreciation	<u>(4,867,281)</u>	<u>(556,477)</u>	<u>134,990</u>	<u>-</u>	<u>(5,288,768)</u>

VILLAGE OF FORSYTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS - Continued

5. CAPITAL ASSETS – Continued

	Balances May 1,	Additions	Retirements	Transfers	Balances April 30
Other capital assets, net of accumulated depreciation	\$ 10,215,998	\$ (172,945)	\$ 145,386	\$ 304,659	\$ 10,202,326
Total governmental activities capital assets, net	<u>\$ 13,259,692</u>	<u>\$ (43,732)</u>	<u>\$ 454,955</u>	<u>\$ -</u>	<u>\$ 12,761,005</u>
Business-type activities:					
Construction in progress	\$ 46,713	\$ 47,099	\$ -	\$ -	\$ 93,812
Capital assets not being depreciated	<u>46,713</u>	<u>47,099</u>	<u>-</u>	<u>-</u>	<u>93,812</u>
Depreciable capital assets:					
Buildings	6,196,946	-	-	-	6,196,946
Equipment	207,664	25,955	-	-	233,619
Meters	101,437	-	-	-	101,437
Storm/sanitary sewer	5,966,709	-	-	-	5,966,709
System infrastructure	4,643,934	-	-	-	4,643,934
Total depreciable assets	<u>17,116,690</u>	<u>25,955</u>	<u>-</u>	<u>-</u>	<u>17,142,645</u>
Accumulated depreciation:					
Buildings	(1,158,693)	(141,689)	-	-	(1,300,382)
Equipment	(108,236)	(8,690)	-	-	(116,926)
Meters	(29,179)	(6,314)	-	-	(35,493)
Storm/sanitary sewer	(2,676,539)	(196,134)	-	-	(2,872,673)
System infrastructure	(2,572,065)	(173,757)	-	-	(2,745,822)
Total accumulated depreciation	<u>(6,544,712)</u>	<u>(526,584)</u>	<u>-</u>	<u>-</u>	<u>(7,071,296)</u>
Other capital assets, net of accumulated depreciation	<u>10,571,978</u>	<u>(500,629)</u>	<u>-</u>	<u>-</u>	<u>10,071,349</u>
Total business-type activities capital assets, net	<u>\$ 10,618,691</u>	<u>\$ (453,530)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,165,161</u>

Depreciation expense was charged to the Village's functions as follows:

Depreciation expense

Governmental activities:		
General government		\$ 79,992
Highways and streets		331,485
Culture and recreation		145,000
Total		<u>\$ 556,477</u>
Business-type activities:		
Water		\$ 330,382
Sewer		196,203
Total		<u>\$ 526,585</u>

VILLAGE OF FORSYTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

6. INSTALLMENT SALE

On January 20, 2009, the Village entered into an intergovernmental agreement with Maroa-Forsyth Community Unit School District #2 (District) to sell land to the District for purposes of constructing a new elementary school. Pursuant to the intergovernmental agreement, the Village agreed to sell 20.01 acres of property to the District. As consideration, the District has agreed to pay the Village in three equal installments of \$92,500, payable October 1, 2009, and successive installments due on the 1st day of October 2010 and 2011. The agreement also states the Village shall deliver a warranty deed to the District upon receiving the final installment payment.

During fiscal year 2011, the Village received the second installment payment in the amount of \$92,500. Accordingly, the Village has recorded the sale of one-third of the land (6.67 acres), totaling \$59,132. In addition, the Village recognized one-third of the gain applicable to sale of the 6.67 acres of land, totaling \$33,368, which is included in the Gain (Loss) on Sale of Capital Assets line on the Statement of Activities – Modified Cash Basis. The Village plans to recognize the remainder of the sale and applicable gain when the final future installment payment is received.

7. LONG-TERM DEBT

Business-Type Activities

The following is a summary of business-type activity changes in long-term debt for the current year:

	<u>Balances</u> <u>May 1</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
Sewer					
Note payable	\$ 379,595	\$ -	\$ 33,661	\$ 345,934	\$ 34,551
IEPA loan payable – subdivision	626,119	-	40,863	585,256	41,963
IEPA loan payable – subdivision	778,317	-	40,111	738,206	41,120
Water					
IEPA loan payable – pipeline	594,581	-	34,489	560,092	35,356
IEPA loan payable – water plant	<u>4,241,009</u>	<u>-</u>	<u>218,564</u>	<u>4,022,445</u>	<u>224,063</u>
Total proprietary funds	<u>\$ 6,619,621</u>	<u>\$ -</u>	<u>\$ 367,688</u>	<u>\$ 6,251,933</u>	<u>\$ 377,053</u>

VILLAGE OF FORSYTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - Continued

7. LONG-TERM DEBT – Continued

Business-Type Activities – Continued

Sewer note payable

\$1,701,734 Intergovernmental Cooperation Agreement between Village of Forsyth, Illinois and Sanitary District of Decatur, whereas 38.71% or \$658,446 is the responsibility of the Village of Forsyth, Illinois, due in Semi-annual installments of \$21,703 through February 16, 2020, interest at 2.625%. (Woodland Hills #L17106000) \$ 345,934

IEPA loans payable

During 2003, the Village entered into an agreement with the Illinois Environmental Protection Agency for a loan to partially fund the construction of a new sanitary sewer in an existing Village subdivision. Pertinent points of the loan agreement are as follows:

\$862,068 loan agreement with the Illinois Environmental Protection Agency, due in semi-annual installments of \$ 28,670 through December 9, 2022, interest at 2.675%. (Montezuma Hills #L17105100) \$ 585,256

During 2004, the Village entered into an agreement with the Illinois Environmental Protection Agency for a loan to fund the construction of a new raw water mission line. Pertinent points of the loan agreement are as follows:

\$754,737 loan agreement with the Illinois Environmental Protection Agency, due in semi-annual installments of \$24,569 through May 13, 2024, interest at 2.5%. (Well #6 pipeline #L 172089) 560,092

During 2005, the Village entered into an agreement with the Illinois Environmental Protection Agency for a loan to fund the construction of a new water treatment plant. Pertinent points of the loan agreement are as follows:

\$4,964,604 loan agreement with the Illinois Environmental Protection Agency, due in semi-annual installments of \$161,616 through February 15, 2026, interest at 2.5%. (Water plant #L172247) 4,022,445

VILLAGE OF FORSYTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS - Continued

7. LONG-TERM DEBT - Continued

Business-Type Activities – Continued

During 2005, the Village entered into an agreement with the Illinois Environmental Protection Agency for a loan to fund the construction of a new sewer mission line. Pertinent points are as follows:

\$911,112 loan agreement with the Illinois Environmental Protection Agency, due in semi-annual installments of 29,660 through November 16, 2025, interest at 2.5%. (Hickory Point Estates #L171050) 738,206

Total IEPA loans payable \$ 5,905,999

The debt service requirements to retire all notes payable outstanding as of April 30, 2011, are as follows:

Years ending <u>April 30</u>	<u>Sewer Note payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 34,551	8,856	43,407
2013	35,464	7,943	43,407
2014	36,401	7,006	43,407
2015	37,363	6,044	43,407
2016	38,350	5,057	43,407
2017-2021	<u>163,805</u>	<u>9,823</u>	<u>173,628</u>
Total	<u>\$ 345,934</u>	<u>\$ 44,729</u>	<u>\$ 390,663</u>

Business-Type Activities – Continued

The debt service requirements to retire all IEPA Loans Payable outstanding as of April 30, 2011, are as follows:

Years ending <u>April 30</u>	<u>Total IEPA Loans Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 342,502	146,529	489,031
2013	351,193	137,838	489,031
2014	360,103	128,928	489,031
2015	369,240	119,791	489,031
2016	378,611	110,420	489,031

VILLAGE OF FORSYTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS - Continued

7. LONG-TERM DEBT - Continued

Years ending <u>April 30</u>	<u>Total IEPA Loans Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017-2021	\$2,042,131	\$ 403,023	\$2,445,154
2022-2026	<u>2,062,219</u>	<u>120,205</u>	<u>2,182,424</u>
Total	<u>\$5,905,999</u>	<u>\$1,166,734</u>	<u>\$7,072,733</u>

8. PENSION PLAN

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 employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

Funding Policy. As set by statute, the Village's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's contribution rate for calendar year 2010 was 12.23 percent of annual covered payroll. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For fiscal year ending April 30, 2011, the Village's annual pension cost of \$76,582 for the Regular plan was equal to the Village's required and actual contributions.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

<u>Period Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/11	\$ 76,582	100%	\$ -
4/30/10	71,816	100%	-
12/31/08	61,774	100%	-

VILLAGE OF FORSYTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS - Continued

8. PENSION PLAN - Continued

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 73.21 percent funded. The actuarial accrued liability for benefits was \$1,523,018 and the actuarial value of assets was \$1,115,011, resulting in an underfunded actuarial accrued liability (UAAL) of \$408,007. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$606,148 and the ratio of the UAAL to the covered payroll was 67 percent.

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

9. DEFERRED COMPENSATION PLAN

The Village offers all full-time and permanent part-time employees a deferred compensation plan established in accordance with the requirements of the Internal Revenue Code Section 457. Participants authorize the Village to withhold funds from their salaries which are invested, within a range of options, in individual accounts in the ICMA Retirement Corporation as directed by the individual. The deferred compensation is not available to the participants until termination, retirement, death or unforeseeable emergency. The Village made no contributions to the Plan. The assets of the Plan are for the exclusive benefit of the participants and their beneficiaries.

VILLAGE OF FORSYTH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS – Continued

10. SPECIAL ASSESSMENTS

The Village established four special assessments in prior years with those residing in specific subdivisions within the Village. The stated purpose of each of the assessments pertains to financing for the cost of constructing a sanitary sewer in each subdivision. Residents were given the option of paying all of the assessment in full or paying on a monthly basis over 20 years.

Beginning January 10, 2000, the Village established a special assessment with the residents of the Woodland Hills subdivision for \$4,100 per unit (total \$266,500), plus 3.125% interest, payable at the rate of \$23 per month. As of April 30, 2011, the balance of special assessments to be collected totaled \$53,283.

Beginning July 10, 2003, the Village established a special assessment with the residents of Montezuma Hills subdivision for \$4,100 per unit (total \$217,300), plus 3.175% interest, payable at a rate of \$23.10 per month. As of April 30, 2011, the balance of special assessments to be collected totaled \$71,618.

Beginning November 10, 2005, the Village established a special assessment with the residents of the Hickory Point Estates subdivision for \$4,100 per unit (total \$205,000), plus 3.000% interest, which could be paid at the rate of \$22.74 per month. As of April 30, 2011, the balance of special assessments to be collected totaled \$78,033.

Beginning August 10, 2007, the Village established a special assessment with the residents of the Hickory Point Park subdivision for \$4,100 per unit (total \$53,300), plus 3.000% interest, which could be paid at the rate of \$22.74 per month. As of April 30, 2011, the balance of special assessments to be collected totaled \$21,257.

11. CONTRACTUAL COMMITMENTS

As of April 30, 2011, the Village had the following contractual commitments outstanding relating to various construction projects:

<u>Project</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid as of April 30, 2011</u>	<u>Amount Remaining on Contract</u>
Sheriff Agreement	Macon County	\$ 1,746,819	\$ - [#]	\$ 1,746,819
Macon County Highway 20	Macon County	360,000 [^]	181,988 [^]	360,000 [^]
S.C./Weaver Bridge	Halverson Construction	174,422	43,307	131,115

VILLAGE OF FORSYTH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS – Continued

11. CONTRACTUAL COMMITMENTS – Continued

- Agreement requires a down payment of \$73,970 upon execution, which was executed after April 30, 2011. Quarterly payments of \$104,553, plus fuel charge as follows: 1st year contract \$3.00 per gallon, 2nd year contract \$3.09 per gallon, 3rd year contract \$3.18 per gallon and 4th year contract \$3.27 per gallon.

^ - Contract states, in addition to the contract amount, the Village has agreed to pay 50% of engineering costs related to the design and construction of improvements to Macon County Highway 20. Amount paid as of April 30, 2011 reflect such costs.

12. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employees' health; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

13. OTHER POSTEMPLOYMENT BENEFITS

The Village evaluated its potential other post employment benefits liability. Former employees who choose to retain his/her rights to health, dental, and vision insurance through the Village are required to pay 100% of the current premium. However, no former employees chose to remain in the Village's health, dental, or vision insurance plan. As a result, the Village experienced zero percent utilization and therefore no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* is present. Additionally, the Village had no former employees for whom the Village was providing an explicit subsidy and or current employees with agreements for future explicit subsidies upon retirement. As the Village reports on the modified cash basis of accounting no post employment benefit liability has been recorded as of April 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FORSYTH, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	\$ 1,115,011	\$ 1,523,018	\$ 408,007	73.21%	\$ 606,148	67.31%
12/31/09	951,917	1,350,782	398,865	70.47%	639,205	62.40%
12/31/08	794,407	1,209,267	414,860	65.69%	587,201	70.65%
12/31/07	946,854	1,136,172	189,318	83.34%	490,205	38.62%
12/31/06	1,131,800	1,310,589	178,789	86.36%	474,636	37.67%
12/31/05	986,945	1,188,999	202,054	83.01%	457,026	44.21%

On a market value basis, the actuarial value of assets as of December 31, 2010, is \$1,187,327. On a market basis, the funded ratio would be 77.96%.

See accompanying Independent Auditor's Report.

VILLAGE OF FORSYTH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2011

<u>Period Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
4/30/11	\$ 76,582	100%	\$ -
4/30/10	71,816	100%	-
12/31/08	61,774	100%	-
12/31/07	54,070	100%	-
12/31/06	52,305	100%	-
12/31/05	46,388	100%	-

See accompanying Independent Auditor's Report.

VILLAGE OF FORSYTH, ILLINOIS
General Fund

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL

For the Year Ended April 30, 2011

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes:			
General levy	\$ 415,000	\$ 415,000	\$ 426,145
Township road and bridge - Village portion	83,600	83,600	89,991
Total property taxes	498,600	498,600	516,136
State income and replacement tax	232,000	232,000	283,662
Municipal sales and use tax, including interest	4,400,000	4,400,000	4,413,922
Hotel/motel tax	140,500	140,500	170,237
Investment income	4,750	4,750	5,897
Permits and fees:			
Building permits and rezoning fees	14,000	14,000	18,131
Land disturbance permit	400	400	
Plan review fees	2,700	2,700	9,803
Other permits	1,600	1,600	1,802
Library fees	4,700	4,700	5,362
Franchise fees	70,500	70,500	91,877
Park concessions	4,000	4,000	4,622
Facility rental fees	7,100	7,100	8,265
Liquor licenses	30,000	30,000	36,000
Farm income	10,000	10,000	-
State grants	4,000	4,000	3,353
Car Rental Tax	-	-	-
Miscellaneous	20,580	20,580	26,888
Total revenues	5,445,430	5,445,430	5,595,957

See accompanying Independent Auditor's Report.