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CONSULTANT:
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FILED

OCT 05 2006

Mark Sheldon
CHAMPAIGN COUNTY CLERK

August 4, 2006

President and Board of Trustees,
Village of Pesotum and
Daniel W. Hynes, Comptroller
State of Illinois

**Independent Auditor's Report on State
of Illinois Annual Financial Report**

We have audited the financial statements of the Village of Pesotum, Pesotum, Illinois for the fiscal year ended April 30, 2006, which is included under separate cover, with this supplemental report. In our report dated August 4, 2006, we expressed an unqualified opinion on the financial statements.

The accompanying supplemental annual financial report, filed electronically, has been derived from the financial statements that we audited. In our opinion, the information set forth in the accompanying financial report presents fairly, in all material respects, the information from which it has been derived.

This supplemental annual financial report is intended solely for filing with the State of Illinois Comptroller's Office, and is not intended for any other purpose.

The statements in this report are in the format prescribed by the State of Illinois Comptroller's Office, and consequently, are not intended to and do not present financial position or results of operations in accordance with accounting principles generally accepted in the United States of America.

Bray, Drake, Liles & Richardson LLP

BRAY, DRAKE, LILES & RICHARDSON LLP

RY 2006 Annual Financial Report

Multi-Purpose Long Form

CC Copy - 9/24/2006 3:33:55PM

Unit Name: Pesotum Village

County: CHAMPAIGN

Unit Code: 010/070/32

I attest that, to the best of my knowledge, this report represents a complete and accurate statement of the financial position of Pesotum Village as of the end of this fiscal year

Written signature of government official _____ Date _____

Tim Lecher, President

Please Sign

PLEASE CROSS OUT ALL INCORRECT INFORMATION AND PROVIDE CORRECTIONS

STEP 1: ENTER CONTACT INFORMATION

Is the following information correct and complete? Yes No

A Contact Person (elected or appointed official responsible for filling out this form):		B. Chief Executive Officer (elected or appointed official responsible for the executive administration, i.e. mayor, supervisor, or chairman):		C Chief Financial Officer (elected or appointed official responsible for maintaining the government's financial records):	
Tim	Lecher	Tim	Lecher	Brad	Frankovich
President		President		Treasurer	
PO Box 200		PO Box 200		PO Box 200	
Pesotum		Pesotum		Pesotum	
IL		IL		IL	
61863		61863		61863	
Phone 2178672275		Phone 2178672275		Phone 2178672275	
Fax		Fax		Fax	
E-mail		E-mail		E-mail	

If the Chief Executive Officer and the Chief Financial Officer are the same person as the Contact Person, please check this box and skip to Step 2. If not, please do not leave columns B and C blank.

STEP 2: VERIFY FISCAL YEAR END

FY END DATE: 04/30/2006

If the fiscal year end date, listed above, is incorrect, cross out the incorrect date and provide the correct date. Official documentation of this change must be sent to the Chicago office before the fiscal year end date is officially changed.

STEP 3: GASB 34, ACCOUNTING SYSTEM, DEBT, UTILITY, HOME RULE AND TIF

A. Has your government implemented GASB 34 in FY 2006 reporting or in previous reporting years? X Yes No

If Yes:

o Governments who have implemented GASB 34 and are using "other basis of accounting" (OCBOA) such as "Cash Basis" and "Modified Cash Basis" as their accounting system will now be able to select these types as their accounting system.

o Please fill out the Alternative Assets & Liabilities page, located on page F1(b)

B. Which type of accounting system does Pesotum Village use:

Cash - with no assets (Cash Basis) X Modified Accrual/Accrual

Cash - with assets (Modified Cash Basis) Combination (explain)

C. Does the government have debt this reporting fiscal year? Yes X No

D. If "Yes", indicate the type(s) of debt.

G.O Bonds Revenue Bonds

Alternate Revenue Bonds Contractual Commitments

Other

E. Does Pesotum Village own a public utility company? X Yes No

F. Is Pesotum Village a home rule unit? Yes X No

G. Does Pesotum Village have a Tax Increment Finance (TIF) district? Yes X No

STEP 4: POPULATION, EAV AND EMPLOYEES

^What is the total population of Pesotum Village?		559
What is the total EAV of Pesotum Village?	\$	6,086,397
*How many full time employees are paid?		1
*How many part time employees are paid?		5
What is the total salary paid to all employees?	\$	56,318

^Or provide estimated population

*Do not include contractual employees

STEPS 5 AND 6: COMPONENT UNITS AND APPROPRIATIONS

Provide the appropriation for the primary government listed in the first row of the table below.

In the remaining rows, provide the names of all component units along with their appropriations. Indicate if the component units are blended or discretely presented, its fiscal year end date and if the component unit was funded with governmental fund types or enterprise fund types. If the component units are already indicated, that data is based on forms submitted last year. If you have more component units than the rows provided below, please indicate them on an attachment.

If you need assistance with the terms indicated below, refer to the *Chart of Accounts and Definitions* and the *How to Fill Out An AFR* documents

Name of Unit/Component <u>FUNDS SHOULD NOT BE LISTED HERE</u>	Appropriation	Type of Component Unit	FISCAL YEAR END	Enterprise Fund Type or Governmental Fund Type
Pesotum Village	\$453,406		04/30	
Total Appropriations	\$453,406			

STEP 7: AUDITS

Provide CPA's information if Pesotum Village is required to submit an audit to the Office of the Comptroller.

Firm Name:	Bray, Drake, Liles & Richardson LLP
CPA's first name:	Curtis
CPA's last name:	Liles
CPA's Title:	Partner
Address:	1606 N Willow View Road Suite 1E
City:	Urbana
State:	IL
ZIP:	61802-7446
Phone:	217-337-0004
Fax:	217-337-5822
Email:	curt@bdlrpa.com
State Registration Number:	066-0002934

STEP 8: OTHER GOVERNMENTS

Indicate any payments Pesotum Village made to other governments for services or programs (include programs performed on a reimbursement, cost-sharing basis or federal payroll taxes).

Intergovernmental agreements - indicate how much was paid	0
Federal government payroll taxes	3,771
All other intergovernmental payments	0

STEP 9: FUND LISTING & ACCOUNT GROUPS

A. List all funds and how much was spent in FY 2006 for each fund. Also, indicate the Fund Type (Fund Types are at the top of each column beginning on page F1). If any fund names appear below, the data is based on forms submitted last year. Please make all necessary corrections. If you have more fund names than the rows provided below, please indicate them on an attachment.

Fund Name	Expenditure	Fund Type	FY End
General Fund Fund	144,471	General Fund	04/30
Motor Fuel Tax Fund	14,930	Special Revenue Fund	04/30
Water Fund Fund	54,966	Enterprise Fund	04/30
Total Expenditures	214,367		

B. Does Pesotum Village have assets or liabilities that should be recorded as a part of Account Groups? See Chart of Accounts and Definitions and the How to Fill Out An AFR documents for more information about Account Groups

___ Yes X ___ No

STEP 10: GOVERNMENTAL ENTITIES

List of governmental entities that are part of or related to the primary government. Exclude component units detailed in Steps 5 & 6. Most small governments do not have governmental entities.

Entity Name	Relationship

STEP 11: REPORTING

Check any state or local entity where financial reports are filed.

STATE AGENCIES	
___ - Board of Education	___ - Board of Higher Education
___ - DCCA	___ - Department of Insurance
OTHER STATE OR LOCAL OFFICES	
X ___ - Illinois Comptroller	___ - Secretary of State
___ - General Assembly - House	___ - General Assembly - Senate
X ___ - County Clerk	___ - Circuit Clerk
___ - Governor's Office	___ - Other - _____

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Current Assets					
1011	Cash and Cash Equivalent	53,770	35,986	0	0
1021	Investments	310,821	46,636	0	0
1151	Receivables	41,753	3,445	0	0
1091	Inventories	0	0	0	0
1121	Other Assets (Explain)	4,321	0	0	0
Non-Current Assets					
1161	Capital Assets/Net of Accumulated Depreciation	111,097	151,891	0	0
1171	Other Capital Assets	83,300	4,250	0	0
1201	TOTAL ASSETS	605,062	242,208	0	0

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Liabilities					
Current Liabilities					
1221	All Payables	14,966	6,303	0	0
1321	Deferred Revenues	0	0	0	0
1281	Other Liabilities (Explain)	0	0	0	0
Non-Current/Long-Term Liabilities					
1291	Due Within One Year	0	0	0	0
1301	Due Beyond One Year	0	0	0	0
1311	Other Non-Current/Long Term Liabilities	0	0	0	0
1351	TOTAL LIABILITIES	14,966	6,303	0	0

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Net Assets					
Governmental Activity					
1431	Investments in Capital Assets/Net of Related Debt	194,397	156,141	0	0
1481	Net Assets - Restricted	15,312	0	0	0
1491	Net Assets - Unrestricted	380,387	79,764	0	0
1461	TOTAL NET ASSETS	590,096	235,905	0	0
1471	TOTAL LIABILITIES & NET ASSETS	605,062	242,208	0	0

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Local Taxes									
201t	Property Tax	24,973	0	0	0	0	0	0	0
202t	Local Sales Tax	0	0	0	0	0	0	0	0
203t	Utilities Tax	43,151	0	0	0	0	0	0	0
203a	Electric Utilities	14,234	0	0	0	0	0	0	0
203b	Water Utilities	0	0	0	0	0	0	0	0
203c	Communications Utilities	11,495	0	0	0	0	0	0	0
203d	Other Utilities Tax (Explain)	17,422	0	0	0	0	0	0	0
204t	Other Taxes (Explain)	0	0	0	0	0	0	0	0

Intergovernmental Receipts & State or Federal Grants									
211t	State Income Tax	40,300	0	0	0	0	0	0	0
212t	State Sales Tax	35,331	0	0	0	0	0	0	0
213t	State Motor Fuel Tax	0	15,021	0	0	0	0	0	0
214t	State Replacement Tax	826	0	0	0	0	0	0	0
205t	State Gaming Tax(es)	0	0	0	0	0	0	0	0
215t	Other State Sources (Explain)	8,861	0	0	0	0	0	0	0
215a	General Support	0	0	0	0	0	0	0	0
215b	Public Welfare	0	0	0	0	0	0	0	0
215c	Health and/or Hospitals	0	0	0	0	0	0	0	0
215d	Streets and Highways	8,861	0	0	0	0	0	0	0
215e	Culture and Recreation	0	0	0	0	0	0	0	0
215f	Housing and Community Dev	0	0	0	0	0	0	0	0
215g	Water Supply System	0	0	0	0	0	0	0	0
215h	Electric/Gas Power System	0	0	0	0	0	0	0	0
215i	Mass Transit	0	0	0	0	0	0	0	0
215j	Other (Explain)	0	0	0	0	0	0	0	0
225t	Federal Sources	0	0	0	0	0	0	0	0
225a	General Support	0	0	0	0	0	0	0	0
225b	Public Welfare	0	0	0	0	0	0	0	0
225c	Health and/or Hospitals	0	0	0	0	0	0	0	0
225d	Streets and Highways	0	0	0	0	0	0	0	0
225e	Culture and Recreation	0	0	0	0	0	0	0	0
225f	Housing and Community Dev	0	0	0	0	0	0	0	0
225g	Water Supply System	0	0	0	0	0	0	0	0

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Intergovernmental Receipts & State or Federal Grants									
225h	Electric/Gas Power System	0	0	0	0	0	0	0	0
225i	Mass Transit	0	0	0	0	0	0	0	0
225j	Other (Explain)	0	0	0	0	0	0	0	0
226t	Other Intergovernmental (Explain)	0	0	0	0	0	0	0	0

Other Sources

231t	Licenses and Permits	1,628	0	0	0	0	0	0	0
233t	Fines and Forfeitures	0	0	0	0	0	0	0	0
234t	Charges for Services	0	0	0	0	42,657	0	0	0
234a	Water Utilities	0	0	0	0	42,657	0	0	0
234b	Gas Utilities	0	0	0	0	0	0	0	0
234c	Electric Utilities	0	0	0	0	0	0	0	0
234d	Transit Utilities	0	0	0	0	0	0	0	0
234e	Sewer Utilities	0	0	0	0	0	0	0	0
234f	Refuse and Disposal Charges	0	0	0	0	0	0	0	0
234g	Parking	0	0	0	0	0	0	0	0
234h	Housing	0	0	0	0	0	0	0	0
234i	Highway or Bridge Tolls	0	0	0	0	0	0	0	0
234j	Culture and Recreation	0	0	0	0	0	0	0	0
234k	Other (Explain)	0	0	0	0	0	0	0	0
235i	Interest	10,349	452	0	0	2,217	0	0	0
236t	Miscellaneous (Explain)	0	0	0	0	0	0	0	0
240t	Total Receipts and Revenue	165,419	15,473	0	0	44,874	0	0	0

Disbursements, Expenditures and Expenses

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
251t	General Government	72,881	0	0	0	0	0	0	0
251a	Financial Administration	72,881	0	0	0	0	0	0	0
251b	General Administrative Buildings	0	0	0	0	0	0	0	0
251c	Central Administration	0	0	0	0	0	0	0	0
251d	Other (Explain)	0	0	0	0	0	0	0	0
252t	Public Safety	7,338	0	0	0	0	0	0	0
252a	Police	0	0	0	0	0	0	0	0
252b	Fire	0	0	0	0	0	0	0	0
252c	Regulation - Building Inspection	0	0	0	0	0	0	0	0
252d	Other (Explain)	7,338	0	0	0	0	0	0	0
253t	Corrections	0	0	0	0	0	0	0	0
254t	Judiciary and Legal	0	0	0	0	0	0	0	0
255t	Transportation and Public Works	33,181	14,930	0	0	0	0	0	0
255a	Streets and Highways	33,181	14,930	0	0	0	0	0	0
255b	Airports	0	0	0	0	0	0	0	0
255c	Parking Meters	0	0	0	0	0	0	0	0
255d	Parking Facilities	0	0	0	0	0	0	0	0
255e	Other (Explain)	0	0	0	0	0	0	0	0
256t	Social Services	0	0	0	0	0	0	0	0
256a	Welfare	0	0	0	0	0	0	0	0
256b	Health (Other than hospitals)	0	0	0	0	0	0	0	0
256c	Hospital Operations	0	0	0	0	0	0	0	0
256d	Cemeteries	0	0	0	0	0	0	0	0
256e	Other (Explain)	0	0	0	0	0	0	0	0
257t	Culture and Recreation	4,526	0	0	0	0	0	0	0
257a	Library	0	0	0	0	0	0	0	0
257b	Parks	4,526	0	0	0	0	0	0	0
257c	Other (Explain)	0	0	0	0	0	0	0	0
258t	Housing	0	0	0	0	0	0	0	0
275t	Environment	0	0	0	0	0	0	0	0
275a	Sewage	0	0	0	0	0	0	0	0

Report in Whole Numbers

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report in Whole Numbers									
301t	Excess of receipts/revenues over (under) expenditures/expenses (240t-270t)	20,948	543	0	0	-10,092	0	0	0
302t	Operating transfers in	0	0	0	0	0	0	0	0
303t	Operating transfers out	0	0	0	0	0	0	0	0
304t	Bond proceeds	0	0	0	0	0	0	0	0
305t	Other (Explain)	0	0	0	0	0	0	0	0
306t	Net increase(decrease) in fund balance (301t + 302t - 303t + 304t + 305t)	20,948	543	0	0	-10,092	0	0	0
307t	Previous year fund balance	346,879	14,769	0	0	245,997	0	0	0
308t	Other (Explain)	0	0	0	0	0	0	0	0
310t	Current Year Ending Fund Balance (306t + 307t + 308t)	367,827	15,312	0	0	235,905	0	0	0

Debt Instruments for All Funds	Code	Outstanding Beginning of Year	Code	Issued Current Fiscal Year	Code	Retired Current Fiscal Year	Code	Outstanding End of Year
Report in Whole Numbers								
General Obligation Bonds	400		406		412		418	
Water	400a		406a		412a		418a	
Electric	400b		406b		412b		418b	
Transportation	400c		406c		412c		418c	
Housing	400d		406d		412d		418d	
Other (Explain)	400e		406e		412e		418e	
Revenue Bonds	401		407		413		419	
Water	401a		407a		413a		419a	
Electric	401b		407b		413b		419b	
Transportation	401c		407c		413c		419c	
Housing	401d		407d		413d		419d	
Other (Explain)	401e		407e		413e		419e	
Alternate Revenue Bonds	402		408		414		420	
Contractual Commitments	403		409		415		421	
Other (Explain)	404		410		416		422	
Total Debt	405		411		417		423	

Explanation or Comments

252d ESDA EXPENSES = \$2,293, BUILDING INSPECTION = \$488 AND STREET LIGHTS = \$4,555

Office of the Comptroller, Daniel W. Hynes
 FY 2006 AFR
 Multi-Purpose Form

* Pesotum Village Capital Outlay

Code	Function	These are not funds	
		Construction	Land, Structures, and Equipment
601t	General Government	0	0
602t	Law Enforcement	0	0
603t	Corrections	0	0
604t	Fire	0	0
605t	Sewerage	0	0
606t	Sanitation and Wastewater	0	0
607t	Parks and Recreation	0	8,797
608t	Housing and Community Development	0	0
609t	Highways, Roads and Bridges	0	17,748
610t	Parking Facilities	0	0
611t	Welfare	0	0
612t	Hospital	0	0
613t	Water	0	0
614t	Nursing Homes	0	0
615t	Conservation and Natural Resources	0	0
616t	Libraries	0	0
617t	Other	0	0

*This page should only be filled out if you have spent funds for capital projects or development.

*The Capital outlay page is requested by the U.S. Census Bureau and is considered optional by the State Comptroller.

*If you complete this page you WILL NOT have to complete the Survey of Government Finances from the U.S. Census Bureau.

*If you do NOT complete this page the U.S. Census Bureau will contact you for further information.

FILED

OCT 05 2006

Mark Sheldon
CHAMPAIGN COUNTY CLERK

VILLAGE OF PESOTUM
Pesotum, Illinois

Annual Financial Report

For the Year Ended April 30, 2006

VILLAGE OF PESOTUM

Pesotum, Illinois

Annual Financial Report
For the Year Ended April 30, 2006

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BRAY, DRAKE, LILES & RICHARDSON LLP

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Urbana, Illinois 61802-7446

Phone 217/337-0004
Fax 217/337-5822

CONSULTANT:
JAMES P. BRAY, CPA

August 4, 2006

Honorable President and
Board of Trustees
Village of Pesotum
Pesotum, Illinois

Independent Auditor's Report

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 Pesotum, Pesotum, Illinois (the Village) as of and for the year ended April 30, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Pesotum. 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.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Pesotum as of April 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 27 through 29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding 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 Pesotum's basic financial statements. The accompanying supplementary schedule on page 30 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplementary schedule on page 30 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.


BRAY, DRAKE, LILES & RICHARDSON LLP

VILLAGE OF PESOTUM

Management's Discussion and Analysis

April 30, 2006

As management of the Village of Pesotum, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Village of Pesotum for the fiscal year ended April 30, 2006.

Financial Highlights

- The assets of the Village of Pesotum exceeded its liabilities at the close of the most recent fiscal year by \$826,001 (*net assets*). Of this amount, \$460,151 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Village's total net assets increased by \$28,696.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$383,139, an increase of \$21,491. The majority of this amount, \$367,827, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$367,827, or 255% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village'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 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's finances, in a manner similar to a private-sector business.

- The *statement of net assets* presents information on 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 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*.

Both of the government-wide financial statements distinguish functions of the Village 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 Pesotum include general government, highways and streets, public safety, and culture and recreations. The business-type activities of the Village of Pesotum include the Water Utility Plant.

The government-wide financial statements can be found on pages 8-9 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 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.

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 between *governmental funds* and *governmental activities*.

The Village maintains two 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 and the Motor Fuel Tax Fund both of which are considered to be major funds.

The Village adopts an annual appropriated budget for both of its governmental funds. Budgetary comparison statements have been provided for both funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 10-11 of this report.

Proprietary funds. Proprietary funds are made up of two types of funds, enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Internal service funds are used to report "any activity that provides goods or services to other funds of the primary government on a cost reimbursement basis". The Village uses an enterprise fund to account for its Water Utility Plant. The Village has no internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water Utility Plant, which is considered to be a major fund of the Village of Pesotum.

The basic proprietary fund financial statements can be found on pages 12-14 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 15-26 of this report.

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, assets exceeded liabilities by \$826,001 at the close of the most recent fiscal year.

A portion of the Village's net assets (42 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The following table reflects the condensed Statement of Net Assets for 2006 and 2005.

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$410,665	\$381,030	\$86,067	\$82,036	\$496,732	\$463,066
Capital assets, net of accumulated depreciation	<u>194,397</u>	<u>177,915</u>	<u>156,141</u>	<u>166,891</u>	<u>350,538</u>	<u>344,806</u>
Total assets	<u>\$605,062</u>	<u>\$558,945</u>	<u>\$242,208</u>	<u>\$248,927</u>	<u>\$847,270</u>	<u>\$807,872</u>
Current liabilities	\$ 14,966	\$ 7,637	\$ 6,303	\$ 2,930	\$ 21,269	\$ 10,567
Total liabilities	<u>\$ 14,966</u>	<u>\$ 7,637</u>	<u>\$ 6,303</u>	<u>\$ 2,930</u>	<u>\$ 21,269</u>	<u>\$ 10,567</u>
Net Assets:						
Invested in capital assets	\$194,397	\$177,915	\$156,141	\$166,891	\$350,538	\$344,806
Restricted for capital projects	15,312	14,769	0	0	15,312	14,769
Unrestricted	<u>380,387</u>	<u>358,624</u>	<u>79,764</u>	<u>79,106</u>	<u>460,151</u>	<u>437,730</u>
Total net assets	<u>\$590,096</u>	<u>\$551,308</u>	<u>\$235,905</u>	<u>\$245,997</u>	<u>\$826,001</u>	<u>\$797,305</u>

Governmental Activities. Governmental activities increased the Village's net assets by \$38,788. For the most part, increases in expenses and revenues closely paralleled inflation and growth in the demand for services.

Business-type Activities. Business-type activities decreased the Village of Pesotum's net assets by \$10,092. This represents a 4.1% decline in net assets.

The following table summarizes the revenues and expenses of the Village's activities for 2006 and 2005:

Village of Pesotum's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues						
Charges for services	\$ 1,628	\$ 900	\$42,657	\$ 40,490	\$44,285	\$41,390
Capital grants and contributions	0	93,000	0	0	0	93,000
General revenues:						
Property taxes	25,788	24,178	0	0	25,788	24,178
Motor fuel taxes	15,021	15,232	0	0	15,021	15,232
Replacement taxes	826	641	0	0	826	641
Income taxes	40,300	36,304	0	0	40,300	36,304
Sales taxes	35,331	20,755	0	0	35,331	20,755
Utility taxes	43,151	44,234	0	0	43,151	44,234
Interest income	10,801	5,038	2,217	1,065	13,018	6,103
Miscellaneous income	8,861	13,166	0	0	8,861	13,166
Total revenues	<u>181,707</u>	<u>253,448</u>	<u>44,874</u>	<u>41,555</u>	<u>226,581</u>	<u>295,003</u>
Expenses:						
General government	75,354	52,817	0	0	75,354	52,817
Highways and streets	54,170	69,780	0	0	54,170	69,780
Public safety	7,338	5,774	0	0	7,338	5,774
Culture and recreation	6,057	1,939	0	0	6,057	1,939
Water utility plant	0	0	54,966	56,218	54,966	56,218
Total expenses	<u>142,919</u>	<u>130,310</u>	<u>54,966</u>	<u>56,218</u>	<u>197,885</u>	<u>186,528</u>
Increase in net assets	38,788	123,138	(10,092)	(14,663)	28,696	108,475
Net assets, beginning	551,308	428,170	245,997	260,660	797,305	688,830
Net assets, ending	<u>\$590,096</u>	<u>\$551,308</u>	<u>\$235,905</u>	<u>\$245,997</u>	<u>\$826,001</u>	<u>\$797,305</u>

Revenues for the Village are generated from a number of different sources and for the most part are dependent on different financial factors. The majority of revenue is derived from income, sales and utility taxes.

General government expenses constituted the largest single category of expense within governmental activities totaling \$75,354, or 53 percent of total expenses of \$142,919. Highways and streets expenses were next largest at \$54,170 or 38 percent of total expenses.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Village'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's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$383,139. 96 percent of this amount constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for motor fuel tax road improvements.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance and total fund balance of the general fund was \$367,827 as there was no amount held in reserve. Unreserved fund balance represents 255 percent of total general fund expenditures.

The fund balance of the Village's general fund increased by \$20,948 during the current fiscal year. The reason for this increase was primarily due to increases in sales and income tax revenue and CD interest income combined with a minimal increase in fund expenses.

The fund balance of the Motor Fuel Tax Fund increased by \$543 during the current fiscal year. The reason for this increase was primarily due to a slight decrease in the amount of work performed to maintain the village streets.

Proprietary funds. The only Village of Pesotum proprietary fund is the Water Utility Fund. This fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Utility Fund at the end of the year amounted to \$14,206. The total decrease in net assets was \$10,092.

General Fund Budgetary Highlights

- During the year there was no change in appropriations between the original and final budget.

At the end of the year there was an anticipated deficiency of revenues over expenditures of \$298,546. The majority of this deficiency was due to anticipated funds to be spent towards a new drainage system for the Village. Due to unforeseen circumstances occurring in the past year, the work originally anticipated to be performed towards installing the new drainage system in 2006 is expected to occur in 2007. The source of funds to cover this work is expected to come out of accumulated savings and not through borrowings.

Capital Asset Administration

Capital assets. The Village's investment in capital assets for its governmental activities as of April 30, 2006, amounts to \$194,397 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, and machinery and equipment. Following is a Statement of Capital Assets, net of depreciation (in thousands) for 2006 and 2005:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 83,300	\$ 83,300	\$ 4,250	\$ 4,250	\$ 87,550	\$ 87,550
Buildings	24,300	24,300	10,536	11,063	34,836	35,363
Other improvements	33,456	27,399	0	0	33,456	27,399
Machinery and equipment	31,589	31,289	0	0	31,589	31,289
Utility property and improvements	0	0	141,355	151,578	141,355	151,578
Infrastructure	<u>21,752</u>	<u>11,627</u>	<u>0</u>	<u>0</u>	<u>21,752</u>	<u>11,627</u>
Total	<u>\$194,397</u>	<u>\$177,915</u>	<u>\$156,141</u>	<u>\$166,891</u>	<u>\$350,538</u>	<u>\$344,806</u>

Additional information on the Village's capital assets can be found in Note 2.B. in the Notes to Basic Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

The main campus of the University of Illinois lies in the center of Champaign County and it provides a great deal of stability to the area's economy, as the University is the area's largest employer (with over 20,000 employees), and is a major purchaser of various goods and services. In addition, Champaign/Urbana is the home of two of the largest hospitals and related clinical practices in East Central Illinois. This stability provided by these organizations helps make the Village's revenues stable.

The equalized assessed value (EAV) of taxable property in the Village for 2005 levy year was \$6,086,397, which represents one-third market value. Residential properties make up more than 95% of the EAV for the 2005 levy year. Commercial development constitutes less than 5%.

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 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 Village.

VILLAGE OF PESOTUM

Pesotum, Illinois

Statement of Net Assets

April 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 53,770	\$ 35,986	\$ 89,756
Investments	310,821	46,636	357,457
Accounts receivable	-	3,445	3,445
Property taxes receivable	25,718	-	25,718
Utility taxes receivable	2,613	-	2,613
Due from the State of Illinois	13,422	-	13,422
Prepaid insurance	4,321	-	4,321
Land	83,300	4,250	87,550
Other capital assets, net of accumulated depreciation	111,097	151,891	262,988
Total assets	<u>605,062</u>	<u>242,208</u>	<u>847,270</u>
 <u>Liabilities:</u>			
Accounts payable	<u>14,966</u>	<u>6,303</u>	<u>21,269</u>
Total liabilities	<u>14,966</u>	<u>6,303</u>	<u>21,269</u>
 <u>Net Assets:</u>			
Invested in capital assets	194,397	156,141	350,538
Restricted for capital projects	15,312	-	15,312
Unreserved	380,387	79,764	460,151
Total net assets	<u>\$ 590,096</u>	<u>\$ 235,905</u>	<u>\$ 826,001</u>

The notes to basic financial statements are an integral part of this statement.

VILLAGE OF PESOTUM
Pesotum, Illinois

Statement of Activities
For the Year Ended April 30, 2006

Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
	Charges for Services	Governmental Activities	Business-Type Activities		
Functions/Programs					
Governmental activities:					
General government	\$ 75,354	\$ 1,628	\$ (73,726)	\$ -	\$ (73,726)
Highways and streets	54,170	-	(54,170)	-	(54,170)
Public safety	7,338	-	(7,338)	-	(7,338)
Culture and recreation	6,057	-	(6,057)	-	(6,057)
Total governmental activities	<u>142,919</u>	<u>1,628</u>	<u>(141,291)</u>	<u>-</u>	<u>(141,291)</u>
Business-type activities:					
Water	<u>54,966</u>	<u>42,657</u>	<u>-</u>	<u>(12,309)</u>	<u>(12,309)</u>
Total business-type activities	<u>54,966</u>	<u>42,657</u>	<u>(141,291)</u>	<u>(12,309)</u>	<u>(153,600)</u>
General revenues:					
Taxes:					
Property taxes		25,788	-		25,788
Motor fuel taxes		15,021	-		15,021
Replacement taxes		826	-		826
Income taxes		40,300	-		40,300
Sales taxes		35,331	-		35,331
Utility taxes		43,151	-		43,151
Interest income		10,801	2,217		13,018
Miscellaneous income		8,861	-		8,861
Total general revenues		<u>180,079</u>	<u>2,217</u>		<u>182,296</u>
Change in net assets		38,788	(10,092)		28,696
Net assets, beginning		<u>551,308</u>	<u>245,997</u>		<u>797,305</u>
Net assets, ending		<u>\$ 590,096</u>	<u>\$ 235,905</u>		<u>\$ 826,001</u>

VILLAGE OF PESOTUM
Pesotum, Illinois

Balance Sheet - Governmental Funds
April 30, 2006

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 39,652	\$ 14,118	\$ 53,770
Investments	310,821	-	310,821
Property taxes receivable	25,718	-	25,718
Utility taxes receivable	2,613	-	2,613
Due from the State of Illinois	12,228	1,194	13,422
Prepaid insurance	<u>4,321</u>	<u>-</u>	<u>4,321</u>
Total assets	<u>\$ 395,353</u>	<u>\$ 15,312</u>	<u>\$ 410,665</u>
<u>LIABILITIES AND FUND EQUITIES</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 14,966	\$ -	\$ 14,966
Deferred revenue	<u>12,560</u>	<u>-</u>	<u>12,560</u>
Total assets	<u>27,526</u>	<u>-</u>	<u>27,526</u>
<u>Fund balances:</u>			
Restricted by enabling legislation for:			
Motor fuel tax funds	-	15,312	15,312
Unreserved	<u>367,827</u>	<u>-</u>	<u>367,827</u>
Total fund balances	<u>367,827</u>	<u>15,312</u>	<u>383,139</u>
Total liabilities and fund balances	<u>\$ 395,353</u>	<u>\$ 15,312</u>	

Reconciliation to Statement of Net Assets:

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

Capital assets used in governmental activities of \$329,934, net of accumulated depreciation of \$135,537, are not financial resources and, therefore, are not reported in the funds.	194,397
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>12,560</u>
Net assets of governmental activities	<u>\$ 590,096</u>

VILLAGE OF PESOTUM

Pesotum, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds

For the Year Ended April 30, 2006

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>			
Property taxes	\$ 24,973	\$ -	\$ 24,973
Motor fuel taxes	-	15,021	15,021
Replacement income taxes	826	-	826
Income taxes	40,300	-	40,300
Sales taxes	35,331	-	35,331
Utility taxes	43,151	-	43,151
Liquor licenses	1,053	-	1,053
Building permits	575	-	575
Interest income	10,349	452	10,801
Miscellaneous	8,861	-	8,861
Total revenues	<u>165,419</u>	<u>15,473</u>	<u>180,892</u>
<u>Expenditures:</u>			
Current			
General government	72,881	-	72,881
Highways and streets	33,181	14,930	48,111
Public safety	7,338	-	7,338
Culture and recreation	4,526	-	4,526
Capital outlay	26,545	-	26,545
Total expenditures	<u>144,471</u>	<u>14,930</u>	<u>159,401</u>
Net change in fund balances	20,948	543	21,491
Fund balances, beginning	<u>346,879</u>	<u>14,769</u>	<u>361,648</u>
Fund balances, ending	<u>\$ 367,827</u>	<u>\$ 15,312</u>	<u>\$ 383,139</u>

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds	\$ 21,491
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while government activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases	24,844
Depreciation expense	(8,362)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	815
	<u>17,297</u>
Change in Net Assets of Governmental Activities	<u>\$ 38,788</u>

VILLAGE OF PESOTUM
Pesotum, Illinois

Statement of Net Assets - Proprietary Fund
April 30, 2006

<u>ASSETS</u>	<u>Water Fund</u>
<u>Current assets:</u>	
Cash and cash equivalents	\$ 17,064
Accounts receivable	3,445
Total current assets	<u>20,509</u>
<u>Noncurrent assets:</u>	
Cash-restricted	18,922
Investments-restricted	46,636
Capital assets:	
Property, plant and equipment	445,118
Accumulated depreciation	<u>(288,977)</u>
Total noncurrent assets	<u>221,699</u>
Total assets	<u>\$ 242,208</u>
<u>LIABILITIES AND FUND EQUITIES</u>	
<u>Liabilities:</u>	
<u>Current liabilities:</u>	
Accounts payable	\$ 6,303
Total current liabilities	<u>6,303</u>
<u>Net Assets:</u>	
Invested in capital assets	156,141
Restricted for capital projects	65,558
Unrestricted	<u>14,206</u>
Total net assets	<u>\$ 235,905</u>

VILLAGE OF PESOTUM

Pesotum, Illinois

**Statement of Revenues, Expenses and Changes in Net Assets-
Proprietary Fund**

For the Year Ended April 30, 2006

	<u>Water Fund</u>	
<u>Operating Revenues:</u>		
Charges for services	\$ 42,657	
Total operating revenues		<u>\$ 42,657</u>
<u>Operating Expenses:</u>		
Personal services	21,919	
Supplies and materials	5,706	
Contractual services	16,591	
Depreciation expense	<u>10,750</u>	
Total operating expenses		<u>54,966</u>
Operating income (loss)		<u>(12,309)</u>
<u>Nonoperating Revenues:</u>		
Interest	<u>2,217</u>	
Total nonoperating revenues		<u>2,217</u>
Change in nets assets		(10,092)
Total net assets - beginning		<u>245,997</u>
Total net assets - ending		<u>\$ 235,905</u>

VILLAGE OF PESOTUM
Pesotum, Illinois

Statement of Cash Flows - Proprietary Fund
For the Year Ended April 30, 2006

Cash Flows From Operating Activities:

Receipts from customers	\$ 44,190
Payments to suppliers	(16,674)
Payments to employees	<u>(24,170)</u>
Net cash provided by operating activities	<u>3,347</u>

Cash Flows From Investing Activities:

Interest on investments and bank deposits	<u>(10,694)</u>
Net cash provided (used) by investing activities	<u>(10,694)</u>
Net increase (decrease) in cash and cash equivalents	(7,348)
Cash and cash equivalents, beginning of the year	<u>43,333</u>
Cash and cash equivalents, end of the year	<u>\$ 35,986</u>

**Reconciliation of Operating Income (Loss)
To Net Cash Provided (Used) by Operating Activities**

Operating income (loss)	\$ (12,309)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	10,750
(Increase) decrease in accounts receivable	1,533
Increase (decrease) in accounts payable	5,624
Increase (decrease) in salaries payable	<u>(2,251)</u>
Total adjustments	<u>15,656</u>
Net cash provided (used) by operating activities	<u>\$ 3,347</u>

VILLAGE OF PESOTUM
Pesotum, Illinois

Notes to Basic Financial Statements
April 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C., these financial statements conform to generally accepted accounting principles (GAAP) as applicable to governments. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. FASB statements and interpretations issued after November 30, 1989 have not been applied.

1.A. FINANCIAL REPORTING ENTITY

The Village's financial reporting entity is composed of the following:

Primary Government: Village of Pesotum

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

1.B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Village presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

VILLAGE OF PESOTUM
Pesotum, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2006

1.B. BASIS OF PRESENTATION (continued)

FUND FINANCIAL STATEMENTS (continued)

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Village. The reporting entity includes the following special revenue fund:

<u>Fund</u>	<u>Brief Description</u>
Motor Fuel Tax Fund	Accounts for revenues received and expenditures paid for street maintenance.

Proprietary Funds

Enterprise Fund

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Water Fund as its sole enterprise fund of the Village. It is also reported as a major fund.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, using the accrual basis method of accounting. On this basis, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement 33. Property taxes are recognized as revenue in the year for which the taxes are levied. Grants are recognized as revenue when eligibility requirements are met, such as allowable costs having been incurred.

**VILLAGE OF PESOTUM
Pesotum, Illinois**

Notes to Basic Financial Statements – (continued)

April 30, 2006

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

MEASUREMENT FOCUS (continued)

Governmental Funds

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

On this basis, all material sources of revenue are recognized when they become measurable and available. “Available” is defined as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the Village, this translates to 60 days after the end of the fiscal year. Major sources of revenue susceptible to accrual include property taxes, sales taxes, income taxes, personal property replacement taxes, other intergovernmental revenues, charges for services and investment interest.

Material amounts of expenditures are recognized when the liability is incurred. Exceptions include: principal and interest on long-term debt, which is recognized when due.

Proprietary Funds

The measurement focus for proprietary funds is the flow of economic resources. All proprietary funds are accounted for using the accrual basis method of accounting. On this basis, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Proprietary funds operating revenues consist of charges for services and miscellaneous revenue resulting from the provision of services to users. In the enterprise fund, this translates to water revenue. Operating expenses are those incurred in providing water services. Operating expenses are expenses incurred in providing the services, such as personal services, materials and supplies and contractual services.

1.D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

INVESTMENTS

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

CAPITAL ASSETS

The Village’s GAAP basis of accounting reports capital assets and reports depreciation where appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

VILLAGE OF PESOTUM
Pesotum, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2006

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

Government-Wide Statements

Governmental Activities

In the government-wide financial statements, capital assets 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.

Depreciation of all exhaustible capital assets 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 the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report equipment capital assets, \$2,500 for building capital assets and \$2,500 for road improvement capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements other than buildings	20 years
Machinery, furniture, and equipment	5-10 years
Vehicles	5-7 years
Infrastructure	20-50 years

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Business-Type Activities (Enterprise Fund)

The Enterprise Fund capital assets valued at \$2,500 or more are capitalized within the fund. Capital assets are stated at actual or estimated historical cost. Donated fixed assets are valued at their fair market value on the date donated. Depreciation is computed on the straight-line method over the estimated useful life of the asset. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements other than buildings	20 years
Machinery, furniture, and equipment	5-10 years
Vehicles	5-7 years
Infrastructure	20-50 years

LONG-TERM DEBT

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

**VILLAGE OF PESOTUM
Pesotum, Illinois**

Notes to Basic Financial Statements – (continued)
April 30, 2006

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

LONG-TERM DEBT (continued)

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

Fund Financial Statements

EQUITY CLASSIFICATION

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.
- c. Unrestricted net assets-All other net assets that do 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.

Fund Financial Statements

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

1.E. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the Village’s taxpayers are reported as program revenues. The Village has the following program revenues:

- General government
- Liquor license and building permit fees

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

**VILLAGE OF PESOTUM
Pesotum, Illinois**

Notes to Basic Financial Statements – (continued)

April 30, 2006

1.E. REVENUES, EXPENDITURES, AND EXPENSES (continued)

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans-Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services-Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements-Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers-Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances-Amounts reported in the fund financial statements are interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities-Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

VILLAGE OF PESOTUM
Pesotum, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2006

1.G. PROPERTY TAXES

Property taxes are levied and attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent year (by passage of the Tax Levy Ordinance). The 2005 tax levy was adopted by the Board on July 12, 2005. Tax bills are prepared by the County and issued on or about May 1, and are payable in two installments, on or about June 1, and September 1. The Village receives significant distributions of taxes approximately one month after these due dates. No provision has been made for delinquent property taxes since in past years the amount has been immaterial. Property taxes are recorded as receivables and deferred revenues at the time the tax levy attaches as an enforceable lien on January 1. Property tax revenues are recognized as revenues in the year they are actually received. Of the property taxes recorded in these financial statements, \$11,745 is from the 2004 tax levy and the remainder is from the 2005 tax levy.

1.H. USE OF ESTIMATES

The preparation of financial statements in conformity accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

1.I. COMPENSATED ABSENCES

Village employees are entitled to certain compensated absences based upon their length of employment. Compensated absences do not vest or accumulate and are recorded as expenditures/expenses when they are paid.

1.J. PREPAID ITEMS

In governmental and business-type funds, prepaid expenditures/expenses are deferred and expensed over the term when the services are received.

1.K. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

In 2005, the Village adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- Statement No. 40, *Deposit and Investment Risk Disclosures*

GASB Statement No. 40 amends GASB Statement No. 3 and requires the village to address the various risks associated with its deposit and investment activities.

VILLAGE OF PESOTUM
Pesotum, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2006

NOTE 2. DETAIL NOTES-TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

2.A. CASH AND INVESTMENTS

The Village's deposits consist of demand deposits, money market accounts, and certificates of deposit. The certificates of deposit are stated at cost, which approximates fair value.

Investments are limited by Public Funds Investment Act of the State of Illinois to the following:

- Bonds, notes, certificates of indebtedness, treasury bills which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
- Bonds, notes, debentures or similar obligations of the United States of America or its agencies.
- Interest-bearing savings, certificates of deposit, or time deposits of any bank as defined by the Illinois Banking Act.
- Short term obligations of corporations organized in the U.S. with assets exceeding \$500,000,000 and other specified criteria.
- Money market mutual funds registered under the Investment Company Act of 1940 provided the portfolio is limited to obligations described in points 1 and 2 above.
- Federal National Mortgage Association
- Public Treasurers' Investment Pools
- Repurchase agreements of government securities within the meaning of the Government Securities Act of 1986.

A summary of deposits and investments at April 30, 2006 is shown below.

<u>Deposits and Investments</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Cash and Cash Equivalents:		
Demand Deposits	\$ 8,177	\$ 21,580
Illinois Funds	81,579	81,579
Total	<u>\$ 89,756</u>	<u>\$103,159</u>
Investments:		
Certificates of Deposit	<u>357,457</u>	<u>357,457</u>
Total	<u>\$357,457</u>	<u>\$357,457</u>

CUSTODIAL CREDIT RISK

Deposits are subject to custodial credit risk if uninsured and uncollateralized or covered by collateral that is not in the Village's name. It is the Village's policy to require collateral for deposit balances above FDIC insurance coverage; at April 30, 2006, none of the Village's deposits were uncollateralized.

Investment pools (Illinois Funds) are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

VILLAGE OF PESOTUM
Pesotum, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2006

2.A. CASH AND INVESTMENTS (continued)

CREDIT RATING RISK

Investments are subject to credit rating risk for all debt securities, whether held directly or indirectly (through investment pools, mutual funds, or money market funds). The Illinois Funds investment pools were rated AAAM by Standard & Poor's as of September 30, 2005.

CONCENTRATION RISK

Investments are subject to concentration risk when 5% or more of the total are in securities of a single issuer. At April 30, 2006, the Village did not have any investments that met this criteria.

INTEREST RATE RISK

Investments are subject to a decline in fair value due to fluctuating market interest rates. Interest rate risk is minimized by having maturities of less than 1 year for all of the Village's investments.

2.B. CAPITAL ASSETS

A summary of capital assets related to governmental and business-type activities is presented below:

	<i>Balance at</i> <u>May 1, 2005</u>	<i>Additions</i>	<i>Deductions</i>	<i>Balance at</i> <u>April 30, 2006</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ <u>83,300</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>83,300</u>
Other capital assets:				
Buildings	121,500	0	0	121,500
Other improvements	36,895	8,796	0	45,691
Machinery and equipment	51,531	5,048	0	56,579
Infrastructure	<u>11,864</u>	<u>11,000</u>	<u>0</u>	<u>22,864</u>
Total other capital assets	<u>221,790</u>	<u>24,844</u>	<u>0</u>	<u>246,634</u>

VILLAGE OF PESOTUM
Pesotum, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2006

2.B. CAPITAL ASSETS (continued)

	<i>Balance at</i> <i>May 1, 2005</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance at</i> <i>April 30, 2006</i>
Less accumulated depreciation for:				
Buildings	\$ 97,200	\$ 0	\$ 0	\$ 97,200
Other improvements	9,496	2,739	0	12,235
Machinery and equipment	20,242	4,748	0	24,990
Infrastructure	<u>237</u>	<u>875</u>	<u>0</u>	<u>1,112</u>
Total accumulated depreciation	<u>127,175</u>	<u>8,362</u>	<u>0</u>	<u>135,537</u>
Other capital assets, net	<u>94,615</u>	<u>16,482</u>	<u>0</u>	<u>111,097</u>
Governmental activities capital assets, net	<u>\$ 177,915</u>	<u>\$16,482</u>	<u>\$ 0</u>	<u>\$194,397</u>

	<i>Balance at</i> <i>May 1, 2005</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance at</i> <i>April 30, 2006</i>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 4,250	\$ 0	\$ 0	\$ 4,250
Other capital assets:				
Buildings	102,071	0	0	102,071
Machinery and equipment	31,775	0	0	31,775
Utility property and improvements	<u>307,022</u>	<u>0</u>	<u>0</u>	<u>307,022</u>
Total other capital assets	<u>440,868</u>	<u>0</u>	<u>0</u>	<u>440,868</u>
Less accumulated depreciation for:				
Buildings	91,008	527	0	91,535
Machinery and equipment	31,775	0	0	31,775
Utility property and improvements	<u>155,444</u>	<u>10,223</u>	<u>0</u>	<u>165,667</u>
Total accumulated depreciation	<u>278,227</u>	<u>10,750</u>	<u>0</u>	<u>288,977</u>
Other capital assets, net	<u>162,641</u>	<u>(10,750)</u>	<u>0</u>	<u>151,891</u>
Business-type activities capital assets, net	<u>\$166,891</u>	<u>\$(10,750)</u>	<u>\$ 0</u>	<u>\$156,141</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:

General government	\$ 772
Highways and streets	6,059
Public safety	0
Culture and recreation	<u>1,531</u>
Total depreciation expense for governmental activities	<u>\$8,362</u>

Business-Type Activities:

Water	<u>\$10,750</u>
Total depreciation expense for business-type activities	<u>\$10,750</u>

VILLAGE OF PESOTUM
Pesotum, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2006

2.C. RESTRICTED ASSETS

The amounts reported as restricted assets in the proprietary fund are composed of amounts held in the Water Fund for future waterworks equipment replacement. The amount reported as restricted by enabling legislation in the governmental funds are composed of amounts held in the Motor Fuel Tax Fund for road maintenance.

NOTE 3. OTHER NOTES

3.A. DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by Nationwide Retirement Solutions. The plan, available to all full-time Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement death or unforeseeable emergency. Contributions to the plan are recorded on the Village's books as current salaries expenditures. All assets and income of the plan are held in trust by the plan administrator for the exclusive benefit of the participants and their beneficiaries. The Village does not take an active role in the managing the plan assets. Therefore, in accordance with GASB Statement No. 32, the deferred compensation plan is not reported in the Village's financial statements.

3.B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The Village manages these various risks of loss as follows:

<i>Type of Loss</i>	<i>Method Managed</i>	<i>Risk of Loss Retained</i>
a. Torts, errors, and omissions	Purchased commercial insurance	None
b. Workers compensation, health and life	Purchased commercial insurance	None
c. Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

3.C. MOTOR FUEL TAX ALLOTMENT

Under current procedures, the allotments of the Village are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved each month by the Department of Transportation, State of Illinois.

VILLAGE OF PESOTUM
Pesotum, Illinois

Notes to Basic Financial Statements – (continued)
April 30, 2006

3.D. SUBSEQUENT EVENTS, COMMITMENTS AND CONTINGENCIES

The Village is currently negotiating the sale of its water system infrastructure. The proposed sale would also involve the lease of the Village water tower.

In addition, the Village will be improving its drainage system. The projected cost of the drainage system is expected to be \$300,000.

Required Supplementary Information

VILLAGE OF PESOTUM
Pesotum, Illinois

Budgetary Comparison Schedule (Budgetary Basis) - General Fund
For the Year Ended April 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property taxes	\$ 25,000	\$ 25,000	\$ 24,282	\$ (718)
Replacement taxes	500	500	826	326
Income taxes	36,000	36,000	39,811	3,811
Sales taxes	22,000	22,000	33,735	11,735
Utility taxes	39,000	39,000	45,695	6,695
Liquor licenses	720	720	1,053	333
Building permits	500	500	575	75
Interest income	4,840	4,840	10,349	5,509
Miscellaneous	9,000	9,000	8,861	(139)
Total revenues	<u>137,560</u>	<u>137,560</u>	<u>165,187</u>	<u>27,627</u>
<u>Expenditures:</u>				
Current				
General government	125,236	125,236	69,554	55,682
Highways and streets	275,240	275,240	34,438	240,802
Public safety	10,900	10,900	7,203	3,697
Culture and recreation	8,230	8,230	4,468	3,762
Capital outlay	16,500	16,500	21,497	(4,997)
Total expenditures	<u>436,106</u>	<u>436,106</u>	<u>137,160</u>	<u>298,946</u>
Net change in fund balance	(298,546)	(298,546)	28,027	(271,319)
Fund balance, beginning of the year	<u>346,897</u>	<u>346,897</u>	<u>346,879</u>	-
Fund balance, end of the year	<u>\$ 48,351</u>	<u>\$ 48,351</u>	<u>\$ 374,906</u>	<u>\$ (271,319)</u>
Fund balance, budgetary basis			<u>\$ 374,906</u>	
Accrual Adjustments				
Revenues			232	
Expenditures			(7,311)	
Net			(7,079)	
Other financing sources (uses)			-	
Beginning fund balance			-	
Fund balance, ending - GAAP basis			<u>\$ 367,827</u>	

VILLAGE OF PESOTUM
Pesotum, Illinois

Budgetary Comparison Schedule (Budgetary Basis) - Motor Fuel Tax Fund
For the Year Ended April 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Motor Fuel taxes	\$ 13,531	\$ 13,531	\$ 15,064	\$ 1,533
Interest income	-	-	452	452
Miscellaneous	-	-	-	-
Total revenues	<u>13,531</u>	<u>13,531</u>	<u>15,516</u>	<u>1,985</u>
<u>Expenditures:</u>				
Current				
General government	-	-	-	-
Highways and streets	17,300	17,300	14,930	2,370
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>17,300</u>	<u>17,300</u>	<u>14,930</u>	<u>2,370</u>
Net change in fund balance	(3,769)	(3,769)	586	(385)
Fund balances, beginning of the year	<u>14,769</u>	<u>14,769</u>	<u>14,769</u>	<u>-</u>
Fund balances, end of the year	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 15,355</u>	<u>\$ (385)</u>
Fund balance, budgetary basis			<u>\$ 15,355</u>	
Accrual Adjustments				
Revenues			(43)	
Expenditures			-	
Net			<u>(43)</u>	
Other financing sources (uses)			-	
Beginning fund balance			-	
Fund balance, ending - GAAP basis			<u>\$ 15,312</u>	

VILLAGE OF PESOTUM

Pesotum, Illinois

Notes to Budgetary Comparison Schedules

April 30, 2006

Budget Law:

The Village board prepares its annual operating budget under the provisions of the Illinois Municipal Budget Law. In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to the end of the first quarter of each fiscal year, a board designated person or persons designated by the board submits to the board a proposed operating budget for the year commencing on May 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 10 days prior to final approval of the budget.
- c. Subsequent to the public hearings the budget is adopted by the board.

The legal level of control at which expenditures may not legally exceed appropriations is the fund.

Basis of Accounting

The budget is prepared on the cash basis of accounting.

Supplementary Information

VILLAGE OF PESOTUM

Pesotum, Illinois

**Assessed Valuations, Tax Rates, Taxes Extended and Collected
and Schedule of Legal Debt Margin**

April 30, 2006

Tax Levy Year	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Assessed Valuation	<u>\$ 6,086,397</u>	<u>\$ 5,540,209</u>	<u>\$ 5,412,132</u>	<u>\$ 4,814,130</u>	<u>\$ 4,495,553</u>
<u>Tax Rates</u>					
General corporate	0.1937	0.2119	0.2090	0.2220	0.2265
Road & bridge	0.1638	0.1635	0.1630	0.1605	0.1561
Audit	<u>0.0650</u>	<u>0.0616</u>	<u>0.0645</u>	<u>0.0717</u>	<u>0.0771</u>
Total	<u>0.4225</u>	<u>0.4370</u>	<u>0.4365</u>	<u>0.4542</u>	<u>0.4597</u>
<u>Taxes Extended</u>					
General corporate	\$ 11,789	\$ 11,740	\$ 11,311	\$ 10,687	\$ 10,182
Road & bridge	9,971	9,058	8,820	7,729	7,017
Audit	<u>3,956</u>	<u>3,413</u>	<u>3,491</u>	<u>3,452</u>	<u>3,466</u>
Total	<u>\$ 25,716</u>	<u>\$ 24,211</u>	<u>\$ 23,622</u>	<u>\$ 21,868</u>	<u>\$ 20,665</u>
<u>Taxes Collected</u>					
General corporate	\$ 6,118	\$ 11,740	\$ 11,311	\$ 10,687	\$ 10,182
Road & bridge	4,986	9,058	8,820	7,729	7,017
Audit	<u>2,054</u>	<u>3,413</u>	<u>3,491</u>	<u>3,452</u>	<u>3,466</u>
Total	<u>\$ 13,158</u>	<u>\$ 24,211</u>	<u>\$ 23,622</u>	<u>\$ 21,868</u>	<u>\$ 20,665</u>

Schedule of Legal Debt Margin

Equalized assessed valuation	<u>\$ 6,086,397</u>
Debt Limit (.08625)	\$ 524,952
Less outstanding general obligation debt	<u>-</u>
Legal debt margin, April 30, 2005	<u>\$ 524,952</u>