

VILLAGE OF LAKE VILLA, ILLINOIS
ANNUAL FINANCIAL REPORT

APRIL 30, 2011

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INDEPENDENT AUDITORS' REPORT

October 31, 2011

Village President and Board of Trustees
Village of Lake Villa
Lake Villa, Illinois

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the remaining fund information of the Village of Lake Villa as of and for the year ended April 30, 2011, which collectively comprise the 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 an opinion 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 opinion.

As described more fully in Note A, the Village of Lake Villa prepares its financial statements on the modified cash and cash bases, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the government-wide financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets – modified cash basis of the Village of Lake Villa as of April 30, 2011 and its revenues collected and expenditures paid – modified cash basis during the fiscal year then ended, on the basis described in Note A to these financial statements. In addition, the fund financial statements referred to above present fairly, in all material respects, the fund assets and liabilities arising from cash transactions as of April 30, 2011 and the related revenue collected and expenditures paid of the respective funds for the year then ended on the cash basis of accounting described in Note A.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and schedules 1 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Lake Villa, Illinois. The supplementary information presented on Schedules 6 through 9 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary fund financial statements and the combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements, themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dam, Snell & Taveirne, Ltd.

DAM, SNELL & TAVEIRNE, LTD.
Certified Public Accountants

VILLAGE OF LAKE VILLA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

Our discussion and analysis of the Village of Lake Villa's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2011. Please read it in conjunction with the audit report and financial statements.

FINANCIAL HIGHLIGHTS

- The Village's Governmental net assets, which equal total assets minus total liabilities, were \$11,328,846 and \$10,141,415 at the end of 2011 and 2010 fiscal years, respectively. Business-type activities net assets were \$19,709,913 and \$19,913,818 at the end of 2011 and 2010 fiscal years, respectively.
- Revenues for Governmental Activities were \$5,616,691 and exceeded total expenses of \$4,429,260 by \$1,187,431 as compared to prior year total revenues of \$5,124,211 exceeding total expenses of \$4,581,774 by \$542,437. Expenses for business-type activities were \$2,006,834 which exceeded total revenues of \$1,802,929 by \$203,905 as compared to prior year total expenses of \$2,116,411, which exceeded total revenues of \$1,741,766 by \$374,645.
- The fund balance for the General Fund equaled \$2,777,170, an increase of \$1,007,898 from the prior year balance of \$1,769,272
- Revenues for Governmental Activities included a grant in the amount of \$175,750 for a street project that was completed and expensed in a prior fiscal year. Revenues also included a developer park donation in the amount of \$143,377 that can only be used for park improvements purposes.

A BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements follow. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting on the Village as a Whole

One of the most important questions asked about the Village's finances is, "is the Village as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the modified cash basis of accounting.

These two statements report the Village's net assets and changes in them. You can think of the Village's net assets—the difference between assets and liabilities—as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are one indicator of whether its financial health is improving or deteriorating.

Other non-financial factors need to be considered, such as changes in the Village's property tax base and the condition of the Village's roads and other infrastructure, to assess the overall health of the Village.

In the Statement of Net Assets and the Statement of Activities, we divide the Village into three kinds of activities:

- **Governmental activities**—Most of the Village's basic services are reported here, including the police, streets and parks, and general administration. Property taxes, franchise fees, sales tax and state shared revenues finance most of these activities.
- **Business-type activities**—The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water and sewer system is reported here.
- **Fiduciary activities**—The Village reports assets held in a trustee or agency capacity for others and therefore are not available to support Village programs.

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 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 three categories: governmental, proprietary and trustee (fiduciary) funds.

Governmental Funds

Most of the Village's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called cash accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. A description of the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds can be found in Exhibit F, a reconciliation that follows the fund financial statements.

Proprietary Fund

When the Village charges customers for the services it provides, and those charges are the sole source of revenue to support the expenses of that service, then these services are generally reported in proprietary funds. The Water and Sewer Fund is reported as a proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. However, more detailed information such as cash flows is provided.

The Village as Trustee (fiduciary fund)

The Village is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. All of the Village's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following tables present the financial position and results of operations of the Village.

Table 1
Net Assets
Fiscal Year Ended April 30
(In thousands)

	Governmental Activites		Business - Type Activites		Total		Percent Change
	2011	2010	2011	2010	2011	2010	
Current assets	\$ 3,253	\$ 2,076	\$ 5,572	\$ 5,873	\$ 8,825	\$ 7,949	11.02%
Capital assets	8,772	8,825	18,781	18,988	27,553	27,813	-0.93%
Total assets	12,025	10,901	24,353	24,861	36,378	35,762	1.72%
Long-term debt	450	550	4,399	4,633	4,849	5,183	-6.44%
Other liabilities	246	210	244	315	490	525	-6.67%
Total liabilities	696	760	4,643	4,948	5,339	5,708	-6.46%
Net assets							
Invested in capital assets, net of debt	8,222	8,175	14,148	14,128	22,370	22,303	0.30%
Restricted	1,035	760	1,123	1,459	2,158	2,219	-2.75%
Unrestricted	2,072	1,206	4,439	4,326	6,511	5,532	17.70%
Total net assets	\$ 11,329	\$ 10,141	\$ 19,710	\$ 19,913	\$ 31,039	\$ 30,054	3.28%

The Village's net assets are composed of capital assets, restricted assets and unrestricted net assets. At April 30, 2011, net assets invested in capital assets net of related debt comprised of 72% of net assets and reflect Village investments in capital assets and infrastructure (for example, land, streets, buildings, machinery and equipment) less any related debt used to acquire those assets that remains outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net assets (7.0%) represents resources that are subject to external restrictions on how they may be used. The remaining 21.0% of net assets, approximately \$6.5 million, represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

Net assets for Village governmental activities increased by \$1,187,431 in fiscal 2011. Unrestricted net assets, the portion of net assets that can be used to finance day-to-day operations without constraints, equaled \$2,072,222 at the end of fiscal 2011.

Restricted net assets for governmental activities equaled \$1,034,680, and net capital assets and infrastructure equaled \$8,221,944 at the end of fiscal 2011.

Net assets of business-type activities decreased by \$203,905 in fiscal 2011. Net assets for business-type activities included \$1,123,443 in restricted net assets, \$4,438,544 in unrestricted net assets and \$14,147,926 in capital assets and infrastructure.

Table 2
Changes in Net Assets
Fiscal Year Ended April 30,
(in thousands)

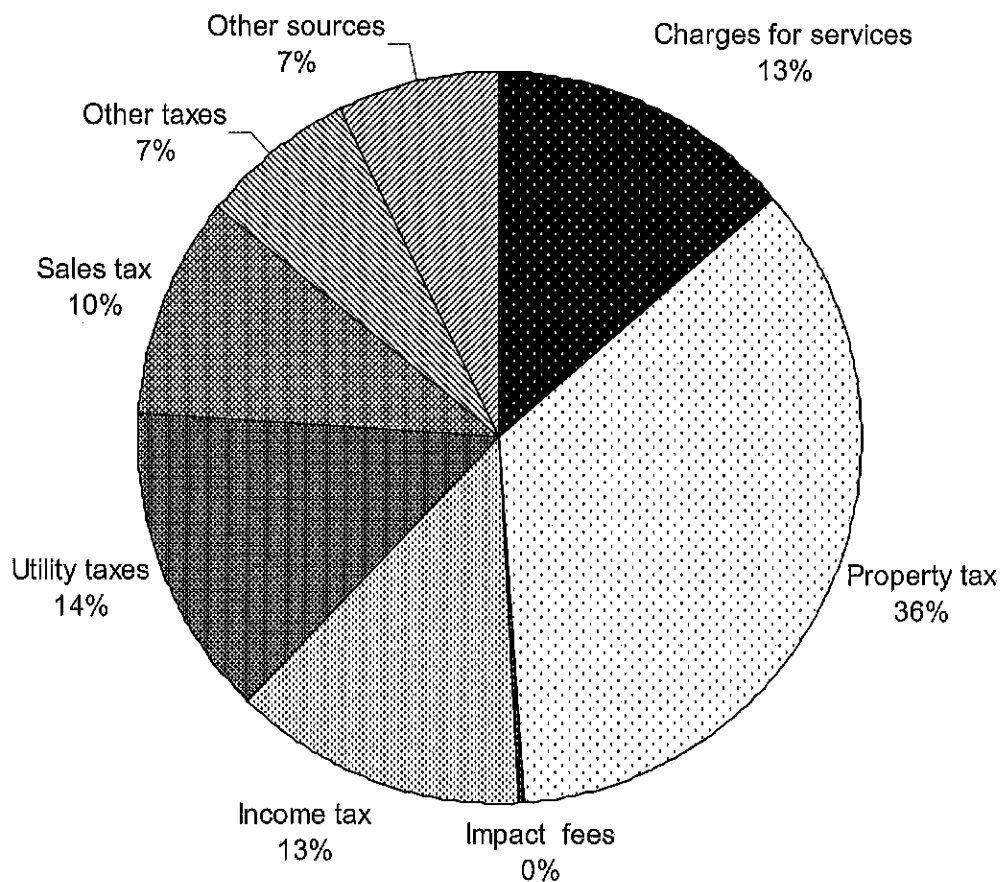
	Governmental Activities		Business-Type Activities		Total		Percent Change
	2011	2010	2011	2010	2011	2010	
Revenues							
Program revenues:							
Charges for services	\$ 758	\$ 803	\$ 1,656	\$ 1,617	\$ 2,414	\$ 2,420	-0.25%
Operating grants/contributions	8	-	-	-	8	-	100.00%
Capital grants	339	357	-	11	339	368	-7.88%
General revenues:							
Property taxes	1,994	1,971	-	-	1,994	1,971	1.17%
Sales taxes	547	708	-	-	547	708	-22.74%
Other taxes	1,911	1,253	-	-	1,911	1,253	52.51%
Interest income	11	7	15	24	26	31	-16.13%
Impact fees	7	8	-	-	7	8	-12.50%
Gain (loss) on asset disposal	-	-	-	-	-	-	0.00%
Other general revenues	41	17	132	90	173	107	61.68%
Total revenues	5,616	5,124	1,803	1,742	7,419	6,866	8.05%
Program expenses:							
General government	516	557	-	-	516	557	-7.36%
Police department	2,422	2,409	-	-	2,422	2,409	0.54%
Streets	837	899	-	-	837	899	-6.90%
Building and grounds	438	476	-	-	438	476	-7.98%
Parks and recreation	27	68	-	-	27	68	-60.29%
Mansion	166	147	-	-	166	147	12.93%
Debt service	22	26	-	-	22	26	-15.38%
Water and sewer	-	-	2,007	2,116	2,007	2,116	-5.15%
Total expenses	4,428	4,582	2,007	2,116	6,435	6,698	-3.93%
Increase (decrease) in net assets	1,188	542	(204)	(374)	984	168	485.71%
Beginning of year	10,141	9,599	19,914	20,288	30,055	29,887	0.56%
End of year	\$ 11,329	\$ 10,141	\$ 19,710	\$ 19,914	\$ 31,039	\$ 30,055	3.27%

Total Village revenues of all programs and services equaled approximately \$7.4 million and exceeded total expenses which equaled approximately \$6.4 million by \$983,526. Net assets increased by \$1,187,431 for governmental activities and business-type activities net assets decreased by \$203,905 for the fiscal year ended April 30, 2011.

Governmental Activities

Program revenues (amounts charged to residents for programs plus grants) for governmental activities totaled \$1,105,036. General receipts totaled \$4,511,655. The cost of all programs and services was \$4,429,260. The following graph depicts the major revenue sources for the Village for the year ended April 30, 2011.

Revenues by Source - Governmental Activities

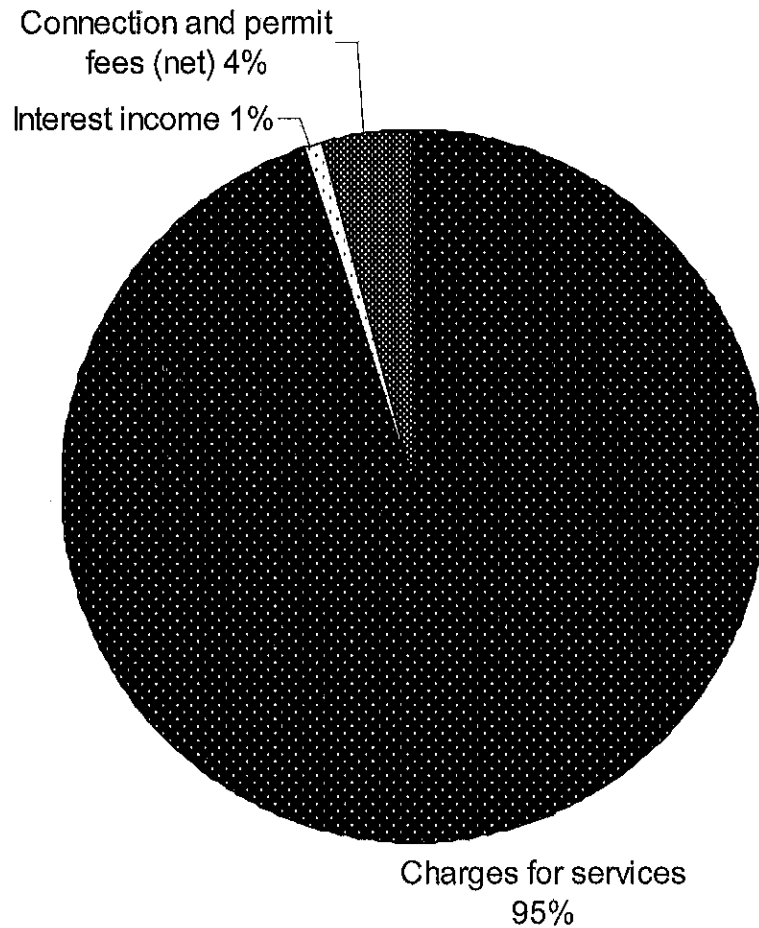


Charges for services include items such as vehicle stickers and building permits. Income Tax is the portion of state income tax that the State of Illinois distributes to the Village on a per capita basis. Utility taxes are a simplified municipal telecommunications tax, gas utilities tax and electric utilities tax. Other taxes include Intergovernmental taxes such as Motor Fuel Tax and other miscellaneous taxes that are distributed to local governments by the State of Illinois on a per capita basis.

Business-Type Activities

Revenues supporting the Village's Business-Type Activity equaled \$1,802,929 while expenses for those activities equaled \$2,006,834.

Revenues by Source - Business-Type Activities



The business-type activity is the Village's Water and Sewer Fund. Charges for services include amounts users of the system paid for their water and sewer services. Connection and permit fees are amounts received for new connections to the system.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The financial performance for the Village is reflected in the statement of receipts, disbursements and changes in fund balances – cash basis which appears as Exhibit E in this report.

General fund revenues and transfers exceeded expenditures by \$1,007,898, leaving a fund balance of \$2,777,170.

Motor fuel tax fund revenues exceeded expenditures by \$139,238, leaving a fund balance of \$206,019.

Water and Sewer fund expenditures exceeded revenues by \$203,905, leaving net assets of \$19,709,913.

BUDGETARY HIGHLIGHTS

General Fund actual expenditures and transfers for the fiscal year ended April 30, 2011 of \$4,340,445 were lower than the budgeted expenditures and transfers of \$5,097,696 by \$757,251.

Motor Fuel Tax Fund expenditures for the fiscal year ended April 30, 2011 of \$128,955 were lower than the budgeted expenditures of \$375,000 by \$246,045.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2011 was \$27,552,372 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, park facilities, streets and related infrastructure, sidewalks and bridges.

The following schedule presents the capital assets less accumulated depreciation:

Fiscal Year Ended April 30, 2011

(in thousands)

	Governmental Activities	Business- Type Activities	Total
Construction in progress	\$ 136	\$ -	\$ 136
Land	3,405	-	3,405
Buildings and improvements	2,671	2,097	4,768
Land improvements	1,230	9	1,239
Furniture and office equipment	15	-	15
Vehicles and equipment	490	96	586
Infrastructure	825	16,578	17,403
Totals	<u>\$ 8,772</u>	<u>\$ 18,780</u>	<u>\$ 27,552</u>

The Village expended \$314,843 in water and sewer system improvements during the year. Governmental funds expended \$54,955 on police vehicles and equipment, \$14,958 on park equipment, \$106,723 on road improvements and \$136,145 for down payment on a tent purchase for the mansion.

Debt

On April 30, 2011, the Village had one debt certificate issue, one general obligation bond and one note outstanding. The general obligation debt certificate was issued August 18, 2004 to finance the remodeling of the Lehmann Mansion. The general obligation bond payable in the amount of \$4,030,000 is the balance of an issue used to finance the expansion and improvements of the Village's waterworks system. The note payable of \$602,502 in business-type activities is the balance of a 20 year installment loan from the IEPA that funded a major sewer system rehabilitation project. Detailed information is provided at Note F to the financial statements.

The following table illustrates the Village's outstanding debt.

Table 4
Outstanding Debt
Fiscal Year Ended April 30, 2011

	Governmental Activities	Business- Type Activities	Total
GO Debt Certificate	\$ 550,000	\$ -	\$ 550,000
GO Bond	-	4,030,000	4,030,000
Notes Payable	-	602,502	602,502
Total	<u>\$ 550,000</u>	<u>\$ 4,632,502</u>	<u>\$ 5,182,502</u>

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The Village considered many factors when setting the fiscal year 2011-2012 budgets. Those factors included expected property tax revenues, income and utility tax revenues, projected expenses and capital outlay.

The General Fund 2011-2012 budgeted fund deficit of \$99,781 includes street improvement projects of \$350,000, and a Route 83 Bike Path Underpass project of \$400,000. The General Fund budget also includes the costs of providing services such as police protection, park maintenance, snowplowing, and leaf/branch pickup. The Water and Sewer Operating Fund 2011-2012 budgeted fund deficit of \$7,416 includes water main replacement projects estimated to cost \$456,100 as well as routine system maintenance programs. The Water and Sewer Operating Fund budget also includes \$50,000 to contribute to engineering for the Lake Michigan Water Project. The Motor Fuel Tax Fund 2011-2012 budgeted loss of \$166,259 includes a street improvement project of \$250,000 as well as road salt in the amount of \$115,000.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village office at (847) 356-6100.

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
APRIL 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 2,424,104	\$ 4,465,277	\$ 6,889,381
Cash and investments - restricted	807,747	1,123,443	1,931,190
Internal balances	20,599	(20,599)	-
Due from other funds	-	-	-
Other receivables	765	4,119	4,884
Capital Assets:			
Construction in progress	136,145	-	136,145
Land	3,404,635	-	3,404,635
Buildings and improvements	3,547,444	2,244,382	5,791,826
Land improvements	1,762,887	15,980	1,778,867
Furniture and office equipment	87,415	19,612	107,027
Vehicles and equipment	1,703,427	227,508	1,930,935
Infrastructure	1,046,684	23,562,664	24,609,348
Accumulated depreciation	(2,916,693)	(7,289,718)	(10,206,411)
Total Capital Assets	<u>8,771,944</u>	<u>18,780,428</u>	<u>27,552,372</u>
Total assets	<u>12,025,159</u>	<u>24,352,668</u>	<u>36,377,827</u>
LIABILITIES			
Escrow deposits	\$ -	\$ -	\$ -
Miscellaneous payables	96,194	10,253	106,447
Due to other governments	12,402	-	12,402
Due to fiduciary funds	37,717	-	37,717
Noncurrent liabilities:			
Due within one year	100,000	233,653	333,653
Due in more than one year	<u>450,000</u>	<u>4,398,849</u>	<u>4,848,849</u>
Total liabilities	<u>696,313</u>	<u>4,642,755</u>	<u>5,339,068</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,221,944	14,147,926	22,369,870
Restricted for:			
Parks	658,245	-	658,245
Drug and DUI	10,256	-	10,256
Bond project funds	(595)	15,417	14,822
Debt service	130,512	1,108,026	1,238,538
Rose garden	8,968	-	8,968
Street improvements	206,019	-	206,019
Unemployment	21,275	-	21,275
Unrestricted	<u>2,072,222</u>	<u>4,438,544</u>	<u>6,510,766</u>
Total net assets	<u>\$ 11,328,846</u>	<u>\$ 19,709,913</u>	<u>\$ 31,038,759</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2011

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 516,198	\$ 295,963	\$ 3,075	\$ -	\$ (217,160)	\$ -	\$ (217,160)
Police department	2,421,864	283,029	5,000	12,499	(2,121,336)	-	(2,121,336)
Streets	836,659	-	-	183,247	(653,412)	-	(653,412)
Buildings and grounds	438,143	97,608	-	-	(340,535)	-	(340,535)
Parks and recreation	28,674	25,479	50	143,377	140,232	-	140,232
Mansion	166,214	55,709	-	-	(110,505)	-	(110,505)
Debt service	21,508	-	-	-	(21,508)	-	(21,508)
Total governmental activities	4,429,260	757,788	8,125	339,123	(3,324,224)	-	(3,324,224)
Business-type activities							
Water and sewer	2,006,834	1,655,678	-	-	-	(351,156)	(351,156)
Total business-type activities	2,006,834	1,655,678	-	-	-	(351,156)	(351,156)
Total government	\$ 6,436,094	\$ 2,413,466	\$ 8,125	\$ 339,123	(3,324,224)	(351,156)	(3,675,380)
General receipts:							
Property taxes					1,993,813	-	1,993,813
Sales taxes					547,445	-	547,445
Income tax					736,066	-	736,066
Local use tax					118,519	-	118,519
Utility taxes					776,760	-	776,760
Motor fuel tax					267,277	-	267,277
Other taxes					12,665	-	12,665
Impact fees					7,200	-	7,200
Investment income					10,799	15,155	25,954
Miscellaneous					41,111	57,866	98,977
Loss on asset disposal					-	-	-
Connection and permit fees (net)					-	74,230	74,230
Total general revenues					4,511,655	147,251	4,658,906
Changes in net assets					1,187,431	(203,905)	983,526
Beginning of year					10,141,415	19,913,818	30,055,233
End of year					\$ 11,328,846	\$ 19,709,913	\$ 31,038,759

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

EXHIBIT C

VILLAGE OF LAKE VILLA, ILLINOIS
BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2011

	General	Motor Fuel Tax Fund	Other Governmental Funds	Total
ASSETS				
Cash and Investments	\$ 2,204,988	\$ 219,116	\$ -	\$ 2,424,104
Cash and Investments - restricted	677,830	-	129,917	807,747
Other receivables	765	-	-	765
Due from other funds	33,696	-	-	33,696
Total assets	<u>\$ 2,917,279</u>	<u>\$ 219,116</u>	<u>\$ 129,917</u>	<u>\$ 3,266,312</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Miscellaneous payables	\$ 89,990	\$ -	\$ -	\$ 89,990
Due to other governments	12,402	-	-	12,402
Due to other funds	37,717	13,097	-	50,814
Total liabilities	<u>140,109</u>	<u>13,097</u>	<u>-</u>	<u>153,206</u>
FUND BALANCES				
Reserved (Note G)	698,744	206,019	129,917	1,034,680
Unreserved - designated (Note G)	575,454	-	-	575,454
Unreserved - undesignated	1,502,972	-	-	1,502,972
Unreserved, reported in nonmajor funds	-	-	-	-
Total fund balances	<u>2,777,170</u>	<u>206,019</u>	<u>129,917</u>	<u>3,113,106</u>
Total liabilities and fund balances	<u>\$ 2,917,279</u>	<u>\$ 219,116</u>	<u>\$ 129,917</u>	<u>\$ 3,266,312</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
APRIL 30, 2011

Total governmental fund balances	\$ 3,113,106
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Amounts reported for governmental activities in the statement of net assets are different because:

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

8,771,944

Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds:

These activities consist of:

Balance due on purchase of fixed assets

(6,204)

Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Due within one year

(100,000)

Due in more than one year

(450,000)

Net assets of governmental activities

\$ 11,328,846

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

VILLAGE OF LAKE VILLA, ILLINOIS
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCES - CASH BASIS
 GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2011

	General	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Taxes	\$ 3,420,253	\$ -	\$ -	\$ 3,420,253
Intergovernmental revenue	765,016	267,277	-	1,032,293
Licenses & permits	350,637	-	-	350,637
Fines	173,748	-	-	173,748
Revenue from services	122,639	-	-	122,639
Investment income	9,728	916	155	10,799
Impact fees	7,200	-	-	7,200
Donations	143,427	-	-	143,427
School Resource Officer fees	108,653	-	-	108,653
Grants	193,821	-	-	193,821
Miscellaneous	53,221	-	-	53,221
Total receipts	<u>5,348,343</u>	<u>268,193</u>	<u>155</u>	<u>5,616,691</u>
DISBURSEMENTS				
General government	513,365	-	-	513,365
Police department	2,377,644	-	-	2,377,644
Streets	623,045	97,724	-	720,769
Buildings and grounds	350,414	-	-	350,414
Parks and recreation	28,674	-	-	28,674
Mansion	38,365	-	-	38,365
Miscellaneous	-	-	500	500
Capital expenditures	287,930	31,231	-	319,161
Debt service:	-	-	-	-
Principal retirement	-	-	100,000	100,000
Interest and fiscal charges	-	-	21,008	21,008
Total disbursements	<u>4,219,437</u>	<u>128,955</u>	<u>121,508</u>	<u>4,469,900</u>
Excess (deficiency) of receipts over disbursements	<u>1,128,906</u>	<u>139,238</u>	<u>(121,353)</u>	<u>1,146,791</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	-	-
Transfers in	-	-	121,008	121,008
Transfers out	(121,008)	-	-	(121,008)
Total other financing sources (uses)	<u>(121,008)</u>	<u>-</u>	<u>121,008</u>	<u>-</u>
Excess (deficiency) of receipts and other sources over (under) disbursements and other uses	1,007,898	139,238	(345)	1,146,791
FUND BALANCE - Beginning	1,769,272	66,781	130,262	1,966,315
FUND BALANCE - Ending	<u>\$ 2,777,170</u>	<u>\$ 206,019</u>	<u>\$ 129,917</u>	<u>\$ 3,113,106</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
 RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL
 YEAR ENDED APRIL 30, 2011

Net change in fund balances - total governmental funds	\$	1,146,791
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Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the
statement of activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital outlay		306,577
Depreciation expense		(365,937)
Cost of property disposed net of depreciation		-

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term debt
consumes the current financial resources of the governmental funds.

Debt issued		-
Repayment of principal		100,000
		100,000

Changes in net assets of governmental activities	\$	1,187,431
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKE VILLA, ILLINOIS
 STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
 PROPRIETARY FUND
 APRIL 30, 2011

	Water and Sewer Fund
<hr/>	
ASSETS	
Cash and Investments	\$ 4,465,277
Cash and Investments - restricted	1,123,443
Due from other funds	-
Other receivables	4,119
Capital Assets:	
Construction in progress	-
Land	-
Land improvements	15,980
Water system	11,557,672
Sewer System	12,004,992
Building	2,244,382
Vehicles and equipment	227,508
Office equipment	19,612
Accumulated depreciation	(7,289,718)
Total capital assets	<u>18,780,428</u>
Total assets	<u>24,373,267</u>
LIABILITIES	
Miscellaneous payables	10,253
Deposits and escrows	-
Due to other governments	-
Due to other funds	20,599
Noncurrent liabilities:	
Due within one year	233,653
Due in more than one year	4,398,849
Total liabilities	<u>4,663,354</u>
NET ASSETS	
Invested in capital assets, net of related debt	14,147,926
Restricted	1,123,443
Designated	3,845,202
Unrestricted	593,342
Total net assets	<u>\$ 19,709,913</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF RECEIPTS, EXPENSES AND CHANGES IN NET ASSETS-
MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2011

Operating Receipts	
Water Customer Sales	\$ 581,460
Sewer Customer Sales	1,067,718
Meter Sales	6,500
	<u>1,655,678</u>
Operating Expenses	
Water	
Clerical - Water	22,287
Salary-Water	99,465
Overtime	7,196
Health & Life Insurance	29,327
IMRF - Employers Contribution	10,527
Social Security	9,648
Uniform Allowance	1,120
Training/Travel	741
Auditor	2,550
Engineering-Water	81,501
Legal Fees	14,495
Maintenance - Vehicles	386
Automotive Fuel/Oil	8,834
Supplies - Vehicles	3,498
Maintenance-Water System	25,732
Gas Heat-Well Houses	1,536
Electric-Wells	101,281
Meters - parts and repairs	11,739
Supplies - Water	22,753
JULIE Locates	2,839
Telephone	1,647
Printing/Billing	10,897
Liability Insurance	23,545
Office Supplies	2,620
Computer - Service & Maintenance	4,203
Capital Expenses	4,996
Depreciation Expense	275,381
Total Water Expenses	<u>780,744</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF RECEIPTS, EXPENSES AND CHANGES IN NET ASSETS-
MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2011

Operating Disbursements (continued)

Sewer	
Clerical-Sewer	22,287
Salary-Sewer	91,485
Overtime	7,677
Health & Life Insurance	18,907
IMRF - Employers Contribution	11,261
Social Security	8,999
Uniform Allowance	375
Training/Travel	13
Auditor	2,550
Engineering-Sewer	-
Legal Fees	3,290
Maintenance - Vehicles	386
Automotive Fuel/Oil	8,834
Supplies-Vehicles	3,778
Maintenance-Sewer System	50,513
County Charges	468,078
Gas Heat-Sewer	6,686
Electric - Sewer	33,371
Meters - parts and repairs	11,541
Supplies - Sewer	28,578
Telephone	1,016
Printing/Billing	10,897
Liability Insurance	3,388
Office Supplies	2,315
Computer-Service & Maintenance	4,198
Capital Expenses	-
Depreciation Expense	247,281
Total Sewer Disbursements	<u>1,047,704</u>
 Total Operating Expenses	 <u>1,828,448</u>
 Income (loss) from operations	 <u>(172,770)</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF RECEIPTS, EXPENSES AND CHANGES IN NET ASSETS-
MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2011

Nonoperating Receipts (Expenses)	
Connection Fees	71,730
Inspection Fees	2,500
Interest Received	15,155
Interest Expense	(178,386)
Loss on disposal of assets	-
Miscellaneous Revenue	57,866
Total nonoperating receipts (expenses)	<u>(31,135)</u>
Income (loss)	(203,905)
Contributed assets	-
Fund balance - beginning of year	<u>19,913,818</u>
Fund balance - end of year	<u><u>\$ 19,709,913</u></u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2011

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,653,750
Cash payments to suppliers for goods and services	(1,087,251)
Cash payments to employees for services	(250,397)
Other operating revenues	<u>-</u>
Net cash provided (used) by operating activities	<u>316,102</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY:	
Interfund loan	20,599
Interfund mansion loan receivable repayment	<u>303,019</u>
Net cash provided (used) by noncapital financing activities	<u>323,618</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(314,843)
Debt service	(405,704)
Connection fees	71,730
Inspection fees	2,500
Miscellaneous receipts	<u>12,481</u>
Net cash provided (used) by capital and related financing activities	<u>(633,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>15,155</u>
Net cash provided (used) by investing activities	<u>15,155</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,039
CASH AND CASH EQUIVALENTS	
Beginning of year	5,567,681
End of year	<u>\$ 5,588,720</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2011

RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$	(172,770)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		522,662
Increase (decrease) due to:		
Other receivables		(1,928)
Miscellaneous payables		-
Due to other governments		(31,862)
Net cash provided (used) by operating activities	\$	<u>316,102</u>

RECONCILIATION OF ENDING CASH AND CASH
EQUIVALENTS TO CASH AND INVESTMENTS:

Ending cash and cash equivalents	\$	4,465,277
Ending cash and cash equivalents - restricted		<u>1,123,443</u>
Total	\$	<u>5,588,720</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
APRIL 30, 2011

	Pension Trust Fund	Agency Fund Developer Escrow Fund	Total
ASSETS			
Cash and Investments	\$ 2,654,347	\$ 962,119	\$ 3,616,466
Due from contractors	-	16,004	16,004
Prepaid federal taxes	-	-	-
Due from other funds	12,132	25,585	37,717
Total assets	<u>\$ 2,666,479</u>	<u>\$ 1,003,708</u>	<u>\$ 3,670,187</u>
LIABILITIES			
Escrow deposits	\$ -	\$ 1,003,708	\$ 1,003,708
Due to other funds	-	-	0
Total liabilities	<u>-</u>	<u>1,003,708</u>	<u>1,003,708</u>
NET ASSETS			
Net plan assets held in trust for pension benefits	<u>2,666,479</u>	<u>-</u>	<u>2,666,479</u>
Total net assets	<u>\$ 2,666,479</u>	<u>\$ -</u>	<u>\$ 2,666,479</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF LAKE VILLA, ILLINOIS
 STATEMENT OF CHANGES IN NET ASSETS -
 MODIFIED CASH BASIS
 FIDUCIARY FUND
 YEAR ENDED APRIL 30, 2011

	Police Pension Fund
ADDITIONS	
Contributions	
Employer	\$ 326,164
Employees	111,692
Total Contributions	<u>437,856</u>
Investment Income	
Interest	<u>21,282</u>
Total Additions	<u>459,138</u>
DEDUCTIONS	
Retirement benefits	261,201
Administrative Expenses	<u>7,351</u>
Total Deductions	<u>268,552</u>
NET INCREASE	190,586
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of Year	<u>2,475,893</u>
End of Year	<u><u>\$ 2,666,479</u></u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Lake Villa, Illinois is a primary government as defined by Governmental Accounting Standards Board Statement 14. The Village operates under a Mayor/Board of Trustees form of government. The Village's major operations include police, streets, building and grounds, parks and recreation, mansion, water and sewer services and general governmental services.

1. Reporting Entity

The Village's financial reporting entity comprises the following:

Primary Government: Village of Lake Villa

Blended Component Unit: Police Pension Employees Retirement System

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No 14, "The Financial Reporting Entity," and includes all component units that have a significant operational or financial relationship with the Village.

Blended Component Units - Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Village Board or the Component Unit provides services entirely to the Village. These component units' funds are blended into those of the Village's by appropriate activity type to compose the primary government presentation.

Blended Component Unit - Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, with the advice and consent of the Board of Trustees, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a pension trust fund.

2. Basis of Presentation

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's police, streets, building and grounds and general administrative services are classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on the modified cash basis. The Village's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, police, streets, building and grounds, parks and recreation, and mansion). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function (general government, police, streets, building and grounds, metra station, parks and recreation and mansion) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges, etc.).

The Village does not allocate indirect costs.

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

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally or contractually restricted to expenditures for specified purposes. The Motor Fuel Tax Fund is treated as a major fund.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a non major fund and records the Village's long-term debt activity.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business type/proprietary funds). The Debt Certificate Project Fund is treated as a non major fund.

Permanent funds are used to account for resources legally restricted so that only the earnings they generate, and not the resources themselves, may be used.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Village:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund. The Water and Sewer Fund accounts for the provision of water and sewer services to the residents and businesses of the Village.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

Pension Trust Funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's police force.

Agency Funds are used to account for assets held by the Village in a purely custodial capacity. The Village maintains one agency fund. The Developer Escrow Fund accounts for the collection of deposits used for permits and collections on behalf of the school, library, fire and park districts.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

3. Measurement Focus and Basis of Accounting

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the cash basis of accounting, is used as appropriate.

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.

All proprietary and pension trust funds utilize 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) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net assets.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the modified-cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, receipts and disbursements when they result from cash transactions with a provision for depreciation in the government-wide and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In the fund financial statements, governmental funds are presented on the cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenses/expenditures are recognized and recorded upon the disbursement of cash.

As a result of the use of the modified cash and cash bases 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 (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.

If the Village utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Assets, Liabilities, and Net Assets or Equity

Cash and Investments

Cash and cash equivalents on the Statement of Net Assets are considered to be cash on hand, demand deposits and cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of one year or less.

Investments are reported at cost which approximates fair value, except for the Police Pension Fund, which reports investments at fair value.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. 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. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Restricted Assets

Certain general and enterprise fund resources required to be set aside for purchase and construction of capital projects are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additional general fund resources are required to be set aside for future audit fees and retirement expenses. Additional enterprise fund resources are required to be set aside for future payment of county sewer charges.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more and buildings and general infrastructure assets with an original cost of \$25,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is \$25,000 for infrastructure assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings	20 - 45 Years
Vehicles and Equipment	5 - 10 Years
Water and Sewerage Infrastructure	30 - 50 Years
Other Infrastructure	10 - 50 Years

GASB Statement No. 34 requires the Village to report and depreciate new general infrastructure assets. General infrastructure assets include roads, sidewalks, underground pipe (other than related to utilities), traffic signals, etc. The Village has not retroactively reported general infrastructure assets acquired prior to May 1, 2004.

Compensated Absences

Under the cash basis of accounting, the Village does not accrue accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. Vacations and the associated employee-related costs are recorded when paid.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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

Fund Equity

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

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 improvement of those assets.

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 or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in Capital assets, net of related debt."

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Budgetary Information

A proposed operating budget for the fiscal year commencing the following May 1 is submitted to the Board of Trustees. The operating budget includes proposed disbursements and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

The budget is legally enacted through passage of an ordinance. The budget, which was not amended, was passed on July 14, 2010.

The Village Board is authorized to transfer budgeted amounts between departments within any fund.

The legally adopted budget is employed as a management control device during the year for the General and Special Revenue Funds.

Budget amounts reflected on Schedules 1 through 2 reflect the Village's internal working budget amounts which are lower than legal budget amounts. Therefore, all funds operated within legal budgets.

NOTE B — DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust fund and Motor Fuel Tax funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments."

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds Money Market may also invest in certain non-U.S. obligations, mortgages, veteran's loans, and life insurance company contracts. Pension Funds meeting or exceeding certain asset levels may invest in money market mutual funds and/or common and preferred stock. The Illinois Funds Investment Pool is an external investment pool regulated by state statutes, and values participant's shares on a fair value basis. The Village investment policy and the pension trust fund policy do not differ significantly from the statutes.

Deposits

Governmental Funds

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's custodial risk policy requires that deposits in excess of FDIC limits be secured by some form of collateral or insurance to protect public deposits in a single institution. As of April 30, 2011 the Village's bank balance of \$4,134,993 was covered by FDIC insurance in the amount of \$2,094,049. \$2,036,444 was collateralized with securities held by the financial institution's agent in the Village's name. \$4,500 of deposits was uncollateralized.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE B — DEPOSITS AND INVESTMENTS (continued)

Investments

As of April 30, 2011, the Village had the following investments and maturities:

Investment Type	Value	< 1	1 - 5
Money Markets	\$ 2,399,548	\$ 2,399,548	\$ -
Certificates of Deposit	1,566,718	1,566,718	-
Illinois Funds Money Market	8,468,785	8,468,785	-
Total Investments	<u>\$ 12,435,051</u>	<u>\$ 12,435,051</u>	<u>\$ -</u>

Interest Rate Risk. Investments of the pension trust fund are guided by the Illinois Compiled Statutes and are reported at fair value. The pension trust fund is authorized to invest, subject to specific guidelines in some case, in obligations of the US Treasury and US Agencies, repurchase agreements, certificates of deposit, and Illinois Treasurers' Investment Pool.

Credit Risk. The Village's investment in Illinois Funds Money Market accounts were rated AAAM by Standard and Poor's. The Illinois Funds Money Market accounts the Village invests in only make investments that are permitted by the Illinois Compiled Statutes.

Reconciliation to Government-Wide Statement of Net Assets

Statement of Net Assets

Cash and investments	\$ 6,889,382
Restricted cash and investments	1,931,189
	<u>\$ 8,820,571</u>

	Bank Balance	Carrying Value
Deposits and Investments		
Cash and savings	\$ 986	\$ 1,986
Money Market Accounts	2,567,289	2,399,548
Certificates of Deposit	1,566,718	1,566,718
	4,134,993	3,968,252
Illinois Funds Money Market accounts	8,468,785	8,468,785
Total	<u>\$ 12,603,778</u>	12,437,037
Less: Fiduciary fund deposits and investments		(3,616,466)
		<u>\$ 8,820,571</u>

NOTE C — PROPERTY TAX REVENUE

Property taxes are levied each year on taxable real property located in the Village on or after the last Tuesday in December. Property taxes attach as an enforceable lien on property as of January 1 and are payable to the County in two installments on June 1 and September 1 of the year following the levy year. Distributions are made to the Village shortly thereafter. The 2010 levy was adopted by the Village in November, 2010. The 2009 levy is reflected in current year receipts.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE D- CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets - not being depreciated				
Construction in progress	\$ -	\$ 136,145	\$ -	\$ 136,145
Land	3,404,635	-	-	3,404,635
	<u>3,404,635</u>	<u>136,145</u>	<u>-</u>	<u>3,540,780</u>
Other capital assets				
Buildings and improvements	3,547,444	-	-	3,547,444
Land improvements	1,762,887	-	-	1,762,887
Furniture and office equipment	72,454	14,961	-	87,415
Vehicles and equipment	1,667,674	54,952	19,199	1,703,427
Infrastructure	939,961	106,723	-	1,046,684
	<u>7,990,420</u>	<u>176,636</u>	<u>19,199</u>	<u>8,147,857</u>
Less accumulated depreciation				
Buildings	785,086	91,095	-	876,181
Land improvements	459,710	73,735	-	533,445
Furniture and office equipment	67,662	4,494	-	72,156
Vehicles and equipment	1,102,808	129,342	19,199	1,212,951
Infrastructure	154,689	67,271	-	221,960
	<u>2,569,955</u>	<u>365,937</u>	<u>19,199</u>	<u>2,916,693</u>
Total other capital assets	<u>5,420,465</u>	<u>(189,301)</u>	<u>-</u>	<u>5,231,164</u>
Total capital assets	<u>\$ 8,825,100</u>	<u>\$ (53,156)</u>	<u>\$ -</u>	<u>\$ 8,771,944</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 2,137
Police Department	43,632
Streets	115,891
Mansion	127,849
Building and grounds	76,428
	<u>\$ 365,937</u>

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE D- CAPITAL ASSETS (continued)

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets-not being depreciated				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other capital assets				
Buildings	2,244,382	-	-	2,244,382
Land Improvements	15,980	-	-	15,980
Furniture and office equipment	19,612	-	-	19,612
Infrastructure	23,247,821	314,843	-	23,562,664
Vehicles and equipment	227,508	-	-	227,508
	<u>25,755,303</u>	<u>314,843</u>	<u>-</u>	<u>26,070,146</u>
Less accumulated depreciation				
Buildings	101,599	45,401	-	147,000
Land Improvements	5,105	1,331	-	6,436
Furniture and office equipment	19,541	71	-	19,612
Infrastructure	6,523,012	461,842	-	6,984,854
Vehicles and equipment	117,799	14,017	-	131,816
	<u>6,767,056</u>	<u>522,662</u>	<u>-</u>	<u>7,289,718</u>
Total other capital assets	<u>18,988,247</u>	<u>(207,819)</u>	<u>-</u>	<u>18,780,428</u>
Total capital assets	<u>\$ 18,988,247</u>	<u>\$ (207,819)</u>	<u>\$ -</u>	<u>\$ 18,780,428</u>

Depreciation expense was charged to business type activities as follows:

Water operations	\$ 275,381
Sewer operations	247,281
	<u>\$ 522,662</u>

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE E – INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at April 30, 2011 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 33,696	\$ 37,758
Agency Fund	25,626	-
Motor Fuel Tax Fund	-	13,097
Police Pension Fund	12,132	-
Water and Sewer Fund	-	20,599
	<u>\$ 71,454</u>	<u>\$ 71,454</u>

In March 2003, the General Fund borrowed \$2,233,065 from the Water and Sewer Fund for the purpose of paying off an installment contract for the purchase of the Lehmann Mansion and Property. The interfund loan was paid off during the current fiscal year.

Interfund transfers for the year ended April 30, 2011 were made up of the following amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		121,008
Debt Certificate Project Fund	121,008	
	<u>\$ 121,008</u>	<u>\$ 121,008</u>

Interfund 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) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year, the Village made a transfer of \$121,008 from the general fund to the Debt Certificate Project Fund to pay for debt service on the General Obligation Bond.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE F – LONG-TERM DEBT

The following is a summary of long-term liability transactions for the year ended April 30, 2011.

	Beginning Balance	Additions	Deductions	Ending Balance	Due within one year
Governmental activities					
GO Tax Certificates	\$ 650,000	\$ -	\$ (100,000)	\$ 550,000	\$ 100,000
Total governmental activities	650,000	-	(100,000)	550,000	100,000
Business-type activities					
GO Bonds	4,205,000	-	(175,000)	4,030,000	180,000
IEPA loan	654,820	-	(52,318)	602,502	53,653
Total business-type activities	4,859,820	-	(227,318)	4,632,502	233,653
Total government	\$ 5,509,820	\$ -	\$ (327,318)	\$ 5,182,502	\$ 333,653

General obligation tax certificates – Lehmann Mansion

General obligation limited tax debt certificates, Series 2004 in the amount of \$1,120,000 were issued by the Village in August 2004. Annual payments range from \$90,000 to \$120,000 and are due on July 1 of each year through 2015. Interest at rates ranging from 1.45% to 3.8% is payable July 1 and December 1 of each year. The proceeds were used to renovate the Lehmann Mansion. The remaining balance on this bond issue at April 30, 2011 is \$550,000.

General obligation bonds (Proprietary Fund)

General obligation bonds, Series 2006 in the amount of \$4,685,000 were issued by the Village October, 2006. Annual payments range from \$155,000 to \$340,000 and are due on December 15, of each year through 2026. Interest at rates ranging from 3.75% to 4.0% is payable June 15 and December 15 of each year. The proceeds are to be used to improve and extend the waterworks system. Repayment will be made from the Water and Sewer Fund. The remaining balance on this bond issue at April 30, 2011 is \$4,030,000.

IEPA Loan (Proprietary Fund)

In August 2001 the Village completed a project to improve four Village lift stations. The project was financed by the Illinois Environmental Protection Agency in the amount of \$1,038,400. The loan calls for semiannual principal and interest payments of \$34,294. Interest on the loan is calculated at an annual rate of 2.535%. The loan Matures December 2020. The balance remaining on the IEPA Loan at April 30, 2011 is \$602,502.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE F – LONG-TERM DEBT (continued)

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Year Ending April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	100,000	17,858	233,653	169,990
2013	105,000	14,448	245,021	161,871
2014	110,000	10,710	251,425	153,342
2015	115,000	6,658	262,865	144,590
2016	120,000	2,280	274,341	135,426
2017-2021	-	-	1,525,197	527,074
2022-2026	-	-	1,500,000	251,206
2027	-	-	340,000	13,600
Total	<u>\$ 550,000</u>	<u>\$ 51,954</u>	<u>\$ 4,632,502</u>	<u>\$ 1,557,099</u>

NOTE G – FUND EQUITY

The following is a schedule of fund equity reservations/designations as of the date of this report:

	Governmental Funds	Water and Sewer Fund	Police Pension Fund
Reserved -			
Parks	\$ 658,245	\$ -	\$ -
Drug and DUI	10,256	-	-
Debt Project Fund	(595)	15,417	-
Debt Service	130,512	1,108,026	-
Rose Garden	8,968	-	-
Unemployment	21,275	-	-
Street Improvements	206,019	-	-
Pension Benefits	-	-	2,666,479
Total reserved	<u>1,034,680</u>	<u>1,123,443</u>	<u>2,666,479</u>
Designations			
Police car and equipment	52,052	-	-
Streets	223,018	-	-
Building	90,543	-	-
Equipment and system accumulation	209,841	3,845,202	-
Total designations	<u>\$ 575,454</u>	<u>\$ 3,845,202</u>	<u>\$ -</u>

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE H – RISK MANAGEMENT

Illinois Municipal League Risk Management Association

The Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is an organization of Illinois municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its risk management needs. IMLRMA administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers compensation claim administration and litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IMLRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IMLRMA and experience modification factors based on past member loss experience. Each member assumes the first \$500 of each occurrence.

In addition, the Village participants in the minimum – maximum program, which provides for savings if claims are lower than anticipated amounts, and an additional payment if claims are above those amounts.

Potential additional payments are summarized as follows for open years:

	<u>2008</u>	<u>2010</u>	<u>2011</u>
Potential payment based on claims and costs through June 30, 2011	\$ 22,116	\$ 48,496	\$ -
Maximum potential payment	\$ 44,032	\$ 48,496	\$ 57,060

IMLRMA has self-insurance retentions at various amounts above those levels. Except as described above, the Village incurred no losses in excess of coverage for each of the past three fiscal years.

Members have a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Village's payments to IMLRMA are displayed on the financial statements as expenditures/expenses in the appropriate funds. The coverages provided by IMLRMA are generally consistent with the coverages in the prior year.

NOTE I – CONTINGENT LIABILITIES

Reserve for developer recapture

The Village has entered into an agreement with a developer in which the developer has constructed certain portions of water systems at their expense. The developer is allowed to recapture certain costs of these projects as the Village collects certain fees on the lots sold in those specific developments. At April 30, 2011 the total amount subject to recapture is \$10,253.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE I – CONTINGENT LIABILITIES (continued)

Solid Waste Agency of Lake County (SWALCO)

The Village's contract with the Solid Waste Agency of Lake County provides that each member is liable for its proportionate share of annual operating and fixed costs. The Village's share of these costs is expected to be funded through tipping fees paid by refuse haulers. In addition, the Village is obligated for any costs arising from defaults in payment obligations by other members.

NOTE J – JOINT VENTURE

Solid Waste Agency of Lake County (SWALCO)

The Village is a member of the Solid Waste Agency of Lake County (SWALCO). The Agency is a municipal corporation with approximately 41 members whose purpose is to provide a solution to solid waste disposal problems. Upon approval by a majority of its members, the Agency may issue bonds for which the individual members would be financially liable.

The following represents a summary of the Agency's balance sheet at November 30, 2010 and the statement of revenues and expenses for the year then ended.

Current assets	\$ 2,149,335
Capital Assets	<u>1,532,734</u>
Total Assets	<u>3,682,069</u>
Current liabilities	<u>125,266</u>
Investment in fixed assets	1,412,734
Restricted	120,000
Unrestricted	<u>2,024,069</u>
Total net assets	<u>\$3,556,803</u>
Revenue	\$2,987,107
Expenditures	\$1,449,292

November 30, 2010 is the latest date information is available. Audited financial statements of the Agency may be obtained from the Village or the Agency's administrative office located in Gurnee, Illinois. During the current fiscal year, the Village paid \$2,997 in membership fees to the Agency.

The entity is not considered to be a component unit of the Village.

NOTE K – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained at www.imrf.org or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. No separate financial statements are issued for the Police Pension Plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE K – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS
(continued)

Illinois Municipal Retirement System

Plan Description. The Village's defined benefit pension plan for its eligible employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

Funding Policy. As set by statute, the Village's plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 used by the employer was 8.98 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 10.22 percent. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For fiscal year ending December 31, 2010, the Village's actual contributions for pension cost for the members were \$85,355. Its required contribution for calendar year 2010 was \$97,142.

Three-Year Trend Information for the Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/10	97,142	88%	11,787
12/31/09	78,467	100%	0
12/31/08	88,412	100%	0

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 at December 31, 2008, 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 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 actuarial and market value of assets. The Village's 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 Village's plan was 87.52 percent funded. The actuarial accrued liability for benefits was \$2,480,605 and the actuarial value of assets was \$2,170,934, resulting in an underfunded actuarial accrued liability (UAAL) of \$309,671. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$950,505 and the ratio of the UAAL to the covered payroll was 33 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 is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE K – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS
(continued)

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At April 30, 2011 the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	6
Current employees vested and nonvested	20
Total	<u>26</u>

The following is a summary of the Police Pension Plan as provided for in Illinois Compiled Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Covered employees are required to contribute 9.91% of their base salary, as of January 1, 2001, to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2033, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the modified cash basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee contributions are withheld and the employer contributions are received. Benefits and refunds are recognized when paid in accordance with the terms of the plan.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE K – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS
(continued)

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Significant Investments

There are no investments (other than U.S. Government and U.S. Government - guaranteed obligations) in any one organization that represents 5 percent or more of net assets available for benefits for the Police Pension Plan. Information for IMRF is not available.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

Annual Pension Cost and Net Pension Obligation

The pension liability was determined in accordance with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers." There was no net pension obligation for the IMRF Plan. The pension liability for the Police Pension Plan is as follows. The NPO is the cumulative difference between the Annual Required Contribution (ARC) and the contributions actually made.

	<u>Police Pension</u>
Annual pension cost	\$ 325,613
Actual contribution	<u>326,164</u>
Increase (decrease) in the NPO	(551)
NPO beginning of year	<u>(2,647)</u>
NPO end of year	<u><u>\$ (3,198)</u></u>

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE K – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS
(continued)

The Village's annual pension costs for the current period and related information is as follows:

	IMRF	Police Pension
Contribution rates		
Employer	8.98%	16.58%
Employee	4.50%	9.91%
Annual pension cost	\$97,142	\$325,613
Contributions made	\$85,355	\$326,164
Actuarial valuation date	12/31/2008	4/30/2008
Actuarial cost method	Entry-age Normal	Entry-age Normal
Amortization method	Level percentage of projected payroll Open Basis	Level percentage of projected payroll Closed Basis
Remaining amortization period	30	29.6137
Asset valuation method	5-year Smoothed market	Actuary's value
Actuarial assumptions		
Investment rate of return	7.5% compounded annually	7% compounded annually
Projected salary increases	.4-10%	5.50%
Inflation rate included	4.00%	not available
Cost-of-living adjustments	3.00%	3.00%

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

Trend Information

Employer annual pension cost (APC) and actual contributions are as follows:

	Year Ended	Illinois Municipal Retirement	Fiscal year Ended	Police Pension
Annual pension cost (APC)	12/31/2008	88,412	4/30/2006	282,540
	12/31/2009	78,467	4/30/2007	309,100
	12/31/2010	97,142	4/30/2008	325,613
Actual contributions	12/31/2008	86,052	4/30/2006	283,572
	12/31/2009	78,467	4/30/2007	310,235
	12/31/2010	85,355	4/30/2008	326,164
Percentage of APC Contributed	12/31/2008	100.00%	4/30/2005	100.37%
	12/31/2009	100.00%	4/30/2006	100.37%
	12/31/2010	88.00%	4/30/2007	100.17%
Net Pension Obligation (NPO)	12/31/2008	-	4/30/2006	(2,647)
	12/31/2009	-	4/30/2007	(3,782)
	12/31/2010	11,787	4/30/2008	(3,198)

NOTE L – SOCIAL SECURITY

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund or Police Pension Fund are considered "non-participating employees." These employees and those qualifying under the Illinois Municipal Retirement Fund are covered under Social Security. The Village paid \$178,766, the total required contribution, for the current fiscal year.

NOTE M – DEFERRED COMPENSATION PLAN

Employees of the Village may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Village. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseen emergency.

The deferred compensation plan is administered by an unrelated financial institution. As part of its fiduciary role, the Village has an obligation of due care in selecting this third party administrator.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

NOTE N – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to providing pension benefits, the Village provides certain health care insurance benefits for retired employees. In accordance with Illinois statutes, certain of the Village's employees may become eligible for those benefits if they reach retirement age while working for the Village. The State of Illinois requires IMRF employers who offer health insurance to their active employees to offer the same insurance to disabled members, and surviving spouses at the same premium rate for active employees. Therefore an implicit subsidy exists for retirees (that is, the difference between the premium rate charged to retirees for the benefit and the estimated rate that would be applicable to those retirees if that benefit were acquired for them as a separate group) resulting from the participation in postemployment healthcare plans that cover both active employees and retirees. The plan operates on a pay-as-you-go funding basis. No assets are accumulated or dedicated to funding the retiree health insurance benefits.

NOTE O – COMMITMENTS

At April 30, 2011, the Village was a member of various joint agreements. As a member, the Village assumes certain obligations with respect to the entities' liabilities. Further information is provided in Note J.

The Village pays sewerage usage and collects connection fees for and remits them to the County of Lake, Illinois, in accordance with an agreement for sewerage disposal dated August 23, 1991. During the fiscal year ended April 30, 2011 the Village remitted \$468,078 to the County. \$92,534 was due the County at April 30, 2011.

The Village approved a contract for a water project at a cost of \$181,502. At April 30, 2011 \$81,899 remains open on the contract.

NOTE P – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures as part of the Combined Statements – Overview, of certain information concerning individual funds including:

1. Segment information for certain individual Enterprise Funds. This requirement is effectively met in this report by the Combined Statements because the Village maintains only one Enterprise Fund.
2. Excess of expenditures over appropriations in individual funds. There were no funds with expenditures in excess of appropriations.
3. Deficit fund balances or retained earnings of individual funds. Debt Certificate Project Fund had a deficit fund balance of \$595 at April 30, 2011.

VILLAGE OF LAKE VILLA, ILLINOIS
GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - CASH BASIS
BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2011

Schedule 1

(Page 1)

Cash Receipts	Budget - Original and Final	Actual
Taxes		
Real Estate Taxes	\$ 1,653,195	\$ 1,651,365
Real Estate Tax-Police Pension	326,525	326,164
Sales Tax	690,000	547,445
Local Use Tax	94,622	118,519
Telecommunications Tax	330,000	336,142
Utility Tax - Gas	150,000	122,080
Utility Tax - Electric	300,000	318,538
Total Taxes	<u>3,544,342</u>	<u>3,420,253</u>
Intergovernmental Revenue		
Road & Bridge Tax	16,310	16,284
State Income Tax	662,354	736,067
Replacement Tax	11,000	12,665
Total Intergovernmental Revenue	<u>689,664</u>	<u>765,016</u>
Licenses, permits, and fees		
Liquor License	12,300	12,650
Vehicle Licenses	85,800	90,215
Amusement License	4,100	2,400
Vending License	1,450	1,350
Business Registration Fees	5,800	5,350
Building Permits	74,000	88,487
Watershed Permit	250	300
Site Development Permits	3,200	7,437
Landscape Inspection Fee	500	600
Subdivision Filing Fee	-	-
Zoning Hearing Fee	-	750
Impact Fees	6,000	7,200
Cable Franchise	110,000	114,350
Computer Fund	740	1,269
Grants - Federal	-	1,975
Grants - State	20,144	191,846
Parks and Recreation Fees	25,000	25,429
Parks and Recreation Advertising Revenue	-	50
Total Licenses, Permits and Fees	<u>349,284</u>	<u>551,658</u>
Fines		
DUI Fines	3,000	5,175
Court Fines	95,000	121,979
Parking & Other Fines	28,500	46,594
Total Fines	<u>126,500</u>	<u>173,748</u>
Other		
Zoning Books, Maps, & Fees	300	34
Police Reports	700	628
Metra Parking Fees	41,000	40,312
Sex Offender Registration Fee	-	220
Interest	10,000	9,728
Donations	-	143,427
Rent - Tower	25,338	25,736
Rent - Mansion	60,000	55,709
School Resource Officer Fees	109,400	108,653
Other Revenue	12,000	53,221
Accumulation account transfers	12,000	-
Total Other	<u>270,738</u>	<u>437,668</u>
Total Cash Receipts	<u>4,980,528</u>	<u>5,348,343</u>

VILLAGE OF LAKE VILLA, ILLINOIS
GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2011

Schedule 1
(Page 2)

	Budget - Original and Final	Actual
Cash Disbursements		
Administrative		
Salary-Clerical	166,686	163,737
Salary-Treasurer	85,936	85,946
Overtime	-	-
Special Census Employee	-	-
Salary - Village Clerk	4,100	3,950
Salary - Mayor & Trustees	25,000	25,600
Salary - Zoning & Planning	3,500	1,734
Health & Life Insurance	51,080	55,510
Imrf - Employer Contribution	23,105	23,197
Social Security	21,819	20,933
Training/Travel	1,500	113
Auditors	5,100	5,050
Engineering	10,000	2,373
Legal Fees	110,000	49,509
Planner	1,500	247
Computer Accum permits	-	-
Update Code Book	5,000	7,843
Publishing	5,500	2,403
Printing	6,000	250
Public Relations	3,000	2,281
Liability Insurance	14,614	14,686
Office Supplies	6,000	3,898
Computer-Service & Maintenance	8,000	6,581
Credit Card Fees	2,000	1,765
Miscellaneous Expenses	12,169	20,359
Tax Incentives	20,000	15,400
Special Census	-	-
Economic Development	10,000	-
Capital Expenditures	18,000	696
Computer Accumulation	1,240	-
Total Administrative	620,849	514,061
Police		
Salary-Full-Time Officers	1,129,447	1,091,562
Salary-Police Clerical	70,140	67,469
Salary-Part-Time Officers	133,600	149,015
Mechanic	35,969	34,484
Overtime, Court, & Range	100,400	50,480
Other Pay	59,283	-
Health & Life Insurance	172,162	174,651
IMRF - Employers Contributions	8,627	8,776
Police Pension	326,525	326,164
Social Security	116,956	108,684
Unemployment Insurance	-	-
Uniform Allowance	17,150	14,253
Training/Travel	10,810	7,885
Range - Shoot & Supplies	3,540	2,291

VILLAGE OF LAKE VILLA
GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2011

	Budget - Original and Final	Actual
Police (continued)		
Auditors	5,184	5,050
Legal Fees/Court	51,500	58,761
Dispatching	101,000	102,274
Maintenance-Vehicles	19,600	7,049
Automotive Fuel/Oil	54,000	43,177
Supplies - Vehicle	10,000	10,246
Police Commissioner Payroll	3,000	630
Police Commission Legal Fees	2,500	135
Police Commission Expenses	2,500	1,211
Telephone	12,000	11,470
Printing	3,500	1,543
Public Relations	1,000	854
Liability Insurance	81,025	69,681
Radios - Rent & Repair	13,490	672
Office Supplies	6,000	7,135
Computer - Service & Maintenance	13,750	16,059
Supplies	4,000	1,751
Miscellaneous	8,060	4,232
Capital Expenditures	72,000	49,339
Squad Accumulation	-	-
Equipment Accumulation	-	-
Total Police	<u>2,648,718</u>	<u>2,426,983</u>
Streets		
Part Time Wages Streets	30,000	-
Salary-Maintenance	198,235	226,274
Overtime	8,000	8,708
Replace Man Moved Water Dept	-	-
Health & Life Insurance	49,806	46,911
IMRF Contribution	18,561	21,786
Social Security	18,072	17,484
Uniform Allowance	3,000	1,031
Travel/Training	1,000	274
Engineering	15,000	16,529
Maintenance Vehicle	10,000	8,357
Automotive Fuel/Oil	30,000	34,582
Supplies-Vehicle	25,000	23,644
Maintenance - Streets	38,000	15,968
Maintenance - Storm Sewers	20,000	3,584
Maintenance - Signs & Lights	10,000	3,593
Maintenance - Sidewalks	16,000	17,507
Electric	152,000	124,336
Supplies	25,000	13,287
Liability Insurance	43,609	39,190
Hydrant Rental	-	-
Debt Service	-	-
Capital Expenditures	352,500	75,491
Equipment Accumulation	40,000	-
Street Accumulation	-	-
Street Light Replacement Accumulation	5,000	-
Total Streets	<u>1,108,783</u>	<u>698,536</u>

VILLAGE OF LAKE VILLA, ILLINOIS
GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2011

	Budget - Original and Final	Actual
Buildings and Grounds		
Salary-Maintenance	161,419	119,880
Overtime	4,000	4,587
Salary-Maintenance Part Time	30,000	42,431
Health & Life Insurance	35,785	27,800
IMRF Contribution	14,888	11,817
Social Security	14,950	12,768
Uniform Allowance	1,600	1,316
Engineering	-	366
Building Inspectors	31,200	36,354
Maintenance-Vehicle	2,000	912
Supplies - Vehicle	7,000	4,552
Maintenance-Building	15,000	560
Maintenance-Parks	20,000	12,303
Maintenance-Cable Tower	2,500	-
Gas Heat	2,000	273
Water & Sewer	1,000	1,078
Electric	8,500	6,642
Supplies-Building	13,000	9,454
Supplies-Parks	25,000	21,592
Cleaning Service	8,000	8,120
Telephone	11,000	8,110
Liability Insurance	8,546	10,329
Mansion Payment	227,000	9,170
Capital Improvements	-	26,259
Park Accumulation	-	-
Total Buildings and Grounds	<u>644,388</u>	<u>376,673</u>
Parks and Recreation		
Salary-clerical	-	4,136
IMRF Contribution	-	-
Social security	-	317
Class instruction	17,500	18,099
Legal fees	-	-
Printing/Publishing	5,358	1,265
Office Supplies	100	173
Class Supplies	100	400
Website	150	180
Field Trip Expenses	750	901
Facility Rental Expenses	1,000	2,983
Miscellaneous	-	220
Total Parks and Recreation	<u>24,958</u>	<u>28,674</u>

VILLAGE OF LAKE VILLA, ILLINOIS
GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2011

	Budget - Original and Final	Actual
Mansion		
Maintenance	15,000	15,636
Maintenance-grounds	6,000	3,350
Gas Heat	10,000	6,056
Water and Sewer	3,000	1,763
Electric	10,000	8,575
Supplies	6,000	2,985
Capital Expenditures	-	136,145
Total Mansion	50,000	174,510
Total Disbursements	5,097,696	4,219,437
Excess (Deficiency) of cash receipts over disbursements	(117,168)	1,128,906
OTHER SOURCES (USES)		
Interfund transfer	-	(121,008)
Excess (deficiency) of receipts and other sources over (under) disbursements and other (uses)	(117,168)	1,007,898
Fund balance - beginning	1,769,272	1,769,272
Fund balance - ending	\$ 1,652,104	\$ 2,777,170

VILLAGE OF LAKE VILLA, ILLINOIS
 MOTOR FUEL TAX FUND
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE - CASH BASIS
 BUDGET AND ACTUAL
 YEAR ENDED APRIL 30, 2011

	Budget - Original and Final	Actual
Cash Receipts		
Motor Fuel Tax	\$ 220,211	\$ 267,277
Miscellaneous Revenue	185,000	-
Interest	500	916
Total Cash Receipts	<u>405,711</u>	<u>268,193</u>
 Cash Disbursements		
Maintenance - Streets	285,000	31,231
Snow Removal	90,000	89,830
Engineering	-	7,894
Total Cash Disbursements	<u>375,000</u>	<u>128,955</u>
 Excess (Deficiency) of cash receipts over disbursements	 30,711	 139,238
 Fund Balance - Beginning of Year	 <u>66,781</u>	 <u>66,781</u>
 Fund Balance - End of Year	 <u><u>\$ 97,492</u></u>	 <u><u>\$ 206,019</u></u>

SCHEDULE 3

VILLAGE OF LAKE VILLA, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
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)
December 31, 2010	\$ 2,170,934	\$ 2,480,605	\$ 309,671	87.52%	\$ 950,505	32.58%
2009	1,968,479	2,284,759	316,280	86.16%	961,606	32.89%
2008	1,779,987	2,106,112	326,125	84.52%	1,012,744	32.20%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$2,282,143.

On a market basis the funded ratio would be 92.00%.

SCHEDULE 4

VILLAGE OF LAKE VILLA, ILLINOIS
POLICE PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDED APRIL 30, 2011

<u>Fiscal Year</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2011	325,613	100.17%
2010	309,100	100.37%
2009	282,540	100.37%
2008	258,491	101.23%
2007	227,344	100.00%
2006	181,129	98.55%
2005	168,699	100.44%
2004	140,266	99.63%
2003	133,104	100.32%
2002	107,000	99.08%

SCHEDULE 5

VILLAGE OF LAKE VILLA, ILLINOIS
POLICE PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
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
April 30, 2011			Not Available			
2010	\$ 2,483,027	\$ 7,563,447	\$ 5,080,420	32.83%	\$ 1,072,457	473.72%
2009	2,260,721	6,648,585	4,387,864	34.00%	1,089,856	402.61%
2008	2,002,853	5,790,403	3,787,550	34.59%	1,008,348	375.62%
2007	1,702,833	5,342,321	3,639,488	31.87%	956,969	380.31%
2006	1,442,796	4,470,654	3,027,858	32.27%	949,446	318.91%
2005	1,232,310	4,010,568	2,778,258	30.73%	881,431	315.20%
2004	1,082,656	3,442,996	2,360,340	31.45%	804,698	293.32%
2003	943,793	2,456,137	1,512,344	38.43%	718,811	210.40%
2002	773,326	2,171,350	1,398,024	35.61%	670,994	208.35%

SCHEDULE 6

VILLAGE OF LAKE VILLA, ILLINOIS
COMBINING BALANCE SHEET - CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2011

ASSETS	Debt Certificate		Debt Service		Total
	Project Fund		Reserve Fund		
Cash and Investments	\$	(595)	\$	130,512	\$ 129,917
Due from other funds		-		-	-
Total assets	\$	(595)	\$	130,512	\$ 129,917
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$	-	\$	-	\$ -
Total liabilities		-		-	-
FUND BALANCES					
Reserved for Capital projects	(595)		-		(595)
Reserved for debt service	-		130,512		130,512
Unreserved	-		-		-
Total fund balances	(595)		130,512		129,917
Total liabilities and fund balances	\$ (595)		\$ 130,512		\$ 129,917

SCHEDULE 7

VILLAGE OF LAKE VILLA, ILLINOIS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCES - CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2011

RECEIPTS	Debt Certificate Project Fund	Debt Service Reserve Fund	Total
Investment income	\$ -	\$ 155	\$ 155
DISBURSEMENTS			
Capital expenditures	-	-	-
Debt service	121,008	-	121,008
Miscellaneous	500	-	500
Total disbursements	121,508	-	121,508
Excess (deficiency) of receipts over disbursements	(121,508)	155	(121,353)
OTHER FINANCING SOURCES (USES)			
Transfer (to) from other funds	121,008	-	121,008
Excess (deficiency) of receipts and other sources over (under) disbursements and other uses	(500)	155	(345)
FUND BALANCE - Beginning	(95)	130,357	130,262
FUND BALANCE - Ending	\$ (595)	\$ 130,512	\$ 129,917

VILLAGE OF LAKE VILLA, ILLINOIS
WATER AND SEWER (PROPRIETARY) FUND
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND EXPENSES -
MODIFIED CASH BASIS

	2011	2010	Year Ended April 30,		2007
			2009	2008	
Operating Receipts					
Water and Sewer Sales	\$ 1,649,178	\$ 1,610,033	\$ 1,513,256	\$ 1,597,348	\$ 1,603,062
Meter Sales - Net	(16,780)	(42,189)	(67,100)	(38,927)	(15,877)
Total operating receipts	<u>1,632,398</u>	<u>1,567,844</u>	<u>1,446,156</u>	<u>1,558,421</u>	<u>1,587,185</u>
Operating Disbursements					
Salaries	250,396	261,379	268,421	276,948	254,714
Retirement Contributions	40,436	39,523	43,139	41,795	40,475
Employee Benefits	49,729	50,928	48,850	28,571	22,079
Supplies	63,543	81,237	71,810	59,709	64,218
Maintenance	103,086	62,567	83,334	95,467	96,657
Engineering Fees	81,501	45,846	31,546	50,013	137,505
Liability Insurance	26,933	24,042	25,116	24,792	22,070
Printing and Billing	21,793	11,798	10,284	12,133	12,398
Telephone	2,663	4,131	6,274	6,615	5,842
Legal and Audit Fees	22,885	35,828	5,758	6,430	13,545
Miscellaneous	2,839	1,670	808	1,232	1,302
Electricity	134,652	149,102	130,512	128,372	76,905
Heat - Disposal Plant	8,222	9,337	11,858	8,717	4,792
Depreciation	522,662	515,359	461,118	443,535	433,008
Travel and Training	753	1,120	2,180	3,543	605
Capital Expenditures	4,996	-	72,790	207,946	73,924
County Charges	468,078	587,014	581,706	616,527	614,928
Total operating disbursements	<u>1,805,167</u>	<u>1,880,881</u>	<u>1,855,504</u>	<u>2,012,345</u>	<u>1,874,967</u>
Net operating receipts in excess of (less than) disbursements	<u>(172,769)</u>	<u>(313,037)</u>	<u>(409,348)</u>	<u>(453,924)</u>	<u>(287,782)</u>
Nonoperating Receipts (Disbursements)					
Connection and Inspection Fees	74,230	83,185	71,600	201,006	195,760
Interest Received	15,154	23,786	92,620	314,599	351,877
Interest Expense	(178,386)	(185,876)	(192,895)	(199,945)	(58,206)
Excess Capacity Fees	-	-	-	-	-
Community Development Block Grant	-	-	-	-	-
Water service fee from developer	-	-	-	-	-
Bond issue costs	-	-	-	-	(75,557)
Loss on disposal of assets	-	-	-	-	(13,860)
Other Income (Expense)	57,866	6,622	16,464	4,052	4,545
Total Nonoperating Receipts	<u>(31,136)</u>	<u>(72,283)</u>	<u>(12,211)</u>	<u>319,712</u>	<u>404,559</u>
Excess Of Cash Receipts Over Disbursements	<u>\$ (203,905)</u>	<u>\$ (385,320)</u>	<u>\$ (421,559)</u>	<u>\$ (134,212)</u>	<u>\$ 116,777</u>

VILLAGE OF LAKE VILLA, ILLINOIS
 ASSESSED VALUATIONS, RATES, EXTENSIONS, AND COLLECTIONS
 APRIL 30, 2011

Levy Year	2010	2009	2008	2007	2006
ASSESSED VALUATIONS	<u>\$243,741,488</u>	<u>\$257,106,604</u>	<u>\$256,499,256</u>	<u>\$251,930,246</u>	<u>\$234,130,851</u>
TAX RATES (Per \$100 A.V.)					
Corporate	\$ 0.275	\$ 0.257	\$ 0.257	\$ 0.257	\$ 0.250
Police protection	0.245	0.228	0.231	0.231	0.225
Tort & liability insurance	0.026	0.022	0.021	0.011	0.006
Municipal retirement	0.023	0.018	0.017	0.016	0.022
Unemployment insurance	0.001	0.002	0.001	0.001	0.001
Audit	0.001	0.002	0.004	0.001	0.003
Social security	0.025	0.022	0.031	0.009	0.033
Street and bridge	0.092	0.092	0.079	0.093	0.091
Police pension	0.152	0.127	0.121	0.113	0.112
	<u>\$ 0.840</u>	<u>\$ 0.770</u>	<u>\$ 0.762</u>	<u>\$ 0.732</u>	<u>\$ 0.743</u>
TAX EXTENSIONS					
Corporate	\$ 670,289	\$ 660,764	\$ 659,203	\$ 647,461	\$ 585,327
Police protection	597,167	586,203	592,513	581,959	526,794
Liability insurance	63,373	56,563	53,865	27,712	14,048
Municipal retirement	56,061	46,279	43,605	40,309	51,509
Unemployment insurance	2,437	5,142	2,565	2,519	2,341
Audit	2,437	5,142	10,260	2,519	7,024
Social security	60,935	56,564	79,515	22,674	77,263
Street and bridge	224,242	236,538	202,634	230,827	210,538
Police pension	370,487	326,526	310,364	284,681	262,227
	<u>\$ 2,047,428</u>	<u>\$ 1,979,721</u>	<u>\$ 1,954,524</u>	<u>\$ 1,840,661</u>	<u>\$ 1,737,071</u>
COLLECTIONS	<u>(1)</u>	<u>\$ 1,977,529</u>	<u>\$ 1,953,624</u>	<u>\$ 1,835,306</u>	<u>\$ 1,733,826</u>
PERCENT COLLECTED	<u>(1)</u>	<u>99.89%</u>	<u>99.95%</u>	<u>99.71%</u>	<u>99.81%</u>

(1) = collections are substantially received in June and September in the year following the levy year.