



815.344.1300 mchenry
847.382.3366 barrington

***VILLAGE OF LAKE VILLA
LAKE COUNTY, ILLINOIS***

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30, 2015

eder, casella & co.

5400 west elm street. suite 203. mchenry. il 60050
509 west old northwest highway. suite 102. barrington. il 60010
www.edercasella.com

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Lake Villa
Lake Villa, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of

VILLAGE OF LAKE VILLA

as of and for the year ended April 30, 2015, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Lake Villa, as of April 30, 2015, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other-Matter

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lake Villa's basic financial statements. The Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contribution, and budgetary comparison information on pages 3 through 8 and 39 through 46, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Information

As discussed in Note 19 to the financial statements, Village of Lake Villa implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*. Our opinion is not modified with respect to this matter.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
October 12, 2015

SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE VILLA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Village of Lake Villa (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at April 30, 2015 by \$32,722,497 (net position). Of this amount, \$7,595,984 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$281,350, due primarily to an increase in other taxes and other general revenues in comparison to the prior year.
- At April 30, 2015, the Village's governmental funds reported combined ending fund balances of \$4,613,884, a decrease of \$200,671 in comparison with the prior year. Of this total amount, \$1,758,466 is available for spending at the Village's discretion (unassigned fund balance).
- At April 30, 2015, the unassigned fund balance for the General Fund was \$1,861,246, or 41% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position – Modified Cash Basis presents information on all of the Village's assets and liabilities arising from cash transactions, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities – Modified Cash Basis presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported on the cash basis as soon as cash is received or disbursed, regardless of when the underlying event giving rise to the change occurs.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, police, streets, building and grounds, and mansion. The business-type activities of the Village include water and sewer operations.

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Balance Sheet – Modified Cash Basis and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains eleven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet – Modified Cash Basis and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis for the General Fund, Motor Fuel Tax Fund and General Capital Fund which are considered to be major funds. Data from the other eight funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

Proprietary funds - The Village maintains one type of proprietary fund (enterprise fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is considered to be a major fund of the Village.

The basic proprietary fund financial statements can be found on pages 15 through 17 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs.

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 20 through 38 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Village's progress in meeting its obligation to provide as fully adequate as possible services to all of its residents.

The Village adopts an annual budget for all of its funds. A budgetary comparison statement has been provided for the General and Motor Fuel Tax Funds to demonstrate compliance with this budget.

The budgetary comparison statements can be found on pages 43 through 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$32,722,497 at April 30, 2015.

By far, the largest portion of the Village's net assets (75%) reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, land improvements, furniture and office equipment, vehicles and equipment, and infrastructure); less any related debt used to acquire those assets that is still 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.

Village of Lake Villa's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
Assets						
Current and Other Assets	\$ 4,764,379	\$ 4,892,556	\$ 3,722,606	\$ 4,702,682	\$ 8,486,985	\$ 9,595,238
Capital Assets	9,411,897	9,191,144	18,062,875	17,966,387	27,474,772	27,157,531
Total Assets	<u>\$ 14,176,276</u>	<u>\$ 14,083,700</u>	<u>\$ 21,785,481</u>	<u>\$ 22,669,069</u>	<u>\$ 35,961,757</u>	<u>\$ 36,752,769</u>
Liabilities						
Long-Term Liabilities Outstanding	\$ 164,106	\$ 305,694	\$ 2,929,538	\$ 3,902,403	\$ 3,093,644	\$ 4,208,097
Other Liabilities	150,495	78,001	(4,879)	25,524	145,616	103,525
Total Liabilities	<u>\$ 314,601</u>	<u>\$ 383,695</u>	<u>\$ 2,924,659</u>	<u>\$ 3,927,927</u>	<u>\$ 3,239,260</u>	<u>\$ 4,311,622</u>
Net Position						
Net Investment in Capital Assets	\$ 9,247,791	\$ 8,885,450	\$ 15,133,337	\$ 14,063,984	\$ 24,381,128	\$ 22,949,434
Restricted	736,377	377,162	9,008	773,486	745,385	1,150,648
Unrestricted	3,877,507	4,437,393	3,718,477	3,903,672	7,595,984	8,341,065
Total Net Position	<u>\$ 13,861,675</u>	<u>\$ 13,700,005</u>	<u>\$ 18,860,822</u>	<u>\$ 18,741,142</u>	<u>\$ 32,722,497</u>	<u>\$ 32,441,147</u>

An additional portion of the Village's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$7,595,984) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2015, the Village is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The Village's net position increased by \$281,350 during the year ended April 30, 2015.

Village of Lake Villa's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
Revenues						
Program Revenues						
Charges for Services	\$ 582,618	\$ 785,607	\$ 2,055,214	\$ 1,878,559	\$ 2,637,832	\$ 2,664,166
Capital Grants and Contributions	24,274	89,470	-	-	24,274	89,470
General Revenues						
Property Taxes	2,210,161	2,169,424	-	-	2,210,161	2,169,424
Sales Tax	765,837	758,435	-	-	765,837	758,435
Other Taxes	2,210,726	2,078,359	-	-	2,210,726	2,078,359
Unrestricted Investment Earnings	4,647	1,792	630	4,727	5,277	6,519
Gain/(Loss) on Asset Disposal	3,900	14,375	-	-	3,900	14,375
Other General Revenue	162,756	273,009	73,793	141,840	236,549	414,849
Total Revenues	<u>\$ 5,964,919</u>	<u>\$ 6,170,471</u>	<u>\$ 2,129,637</u>	<u>\$ 2,025,126</u>	<u>\$ 8,094,556</u>	<u>\$ 8,195,597</u>
Expenses						
General Government	\$ 1,252,379	\$ 643,150	\$ -	\$ -	\$ 1,252,379	\$ 643,150
Police	2,885,282	2,861,253	-	-	2,885,282	2,861,253
Streets	1,234,100	1,233,753	-	-	1,234,100	1,233,753
Building and Grounds	235,195	529,973	-	-	235,195	529,973
Mansion	187,223	175,393	-	-	187,223	175,393
Debt Service	9,070	13,924	-	-	9,070	13,924
Water and Sewer	-	-	2,009,957	2,424,599	2,009,957	2,424,599
Total Expenses	<u>\$ 5,803,249</u>	<u>\$ 5,457,446</u>	<u>\$ 2,009,957</u>	<u>\$ 2,424,599</u>	<u>\$ 7,813,206</u>	<u>\$ 7,882,045</u>
Increase/(Decrease) in Net Position	<u>\$ 161,670</u>	<u>\$ 713,025</u>	<u>\$ 119,680</u>	<u>\$ (399,473)</u>	<u>\$ 281,350</u>	<u>\$ 313,552</u>
Net Position - Beginning of Year	13,700,005	12,986,980	18,741,142	19,140,615	32,441,147	32,127,595
Net Position - End of Year	<u>\$ 13,861,675</u>	<u>\$ 13,700,005</u>	<u>\$ 18,860,822</u>	<u>\$ 18,741,142</u>	<u>\$ 32,722,497</u>	<u>\$ 32,441,147</u>

Governmental Activities – Governmental activities increased the Village's net position by \$161,670.

Business-Type Activities – Business-type activities increased the Village's net position by \$119,680.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

At April 30, 2015, the Village's governmental funds reported combined ending fund balances of \$4,613,884, a decrease of \$200,671 in comparison with the prior year. Of this total amount, \$1,758,466 constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

General Fund

The General Fund is the chief operating fund of the Village. The focus of the Village's General Fund is to provide information on the revenues and expenditures of the funds that the Village receives from its general tax levies and from other unrestricted sources such as personal property replacement tax, grants, interest on bank deposits, and associated expenditures.

At April 30, 2015, unassigned fund balance of the General Fund was \$1,861,246 while total fund balance was \$2,546,155, a decrease of \$1,947,283 in comparison with the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41% of total General Fund expenditures, while total fund balance represents 56% of that same amount.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund receipts exceeded disbursements and transfers by \$320,072 leaving a fund balance of \$510,414.

General Capital Fund

The net change in the fund balance was \$1,466,776 and was also the ending fund balance as this was a new fund in fiscal year 2015.

Proprietary funds - The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at April 30, 2015 amounted to \$3,718,477. The total increase in net position for the Water and Sewer Fund was \$119,680. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not amend its budget for the fiscal year ended April 30, 2015; therefore, the amounts shown as original and final budget are the same.

Significant differences between the budget and actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was \$559,778 (favorable) due primarily to the police pension levy which was budgeted for in the pension fund.
- The difference between the estimated expenditures and the actual expenditures was \$502,379 (unfavorable), and was primarily attributable to the police pension contribution which was budgeted for in the pension fund.

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, 2015 amounts to \$27,474,772 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, furniture and office equipment, vehicles and equipment, and infrastructure. The total increase in the Village's investment in capital assets for the current fiscal year was 1.2%.

Major capital asset events during the year ended April 30, 2015 included the following:

Governmental Activities:

- Northwood Trails Streets Paving - \$438,541
- Oak Lane Paving - \$195,345
- Software - \$100,221

Business-Type Activities:

- Central Lift Station - \$149,964
- Route 83 Water Main - \$249,975
- Lake Michigan Project - \$376,844

Village of Lake Villa's Capital Assets (net of depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
Land	\$ 3,473,435	\$ 3,404,635	\$ -	\$ -	\$ 3,473,435	\$ 3,404,635
Construction in Progress	-	192,445	461,944	245,345	461,944	437,790
Buildings and Improvements	2,567,793	2,616,947	1,915,778	1,961,179	4,483,571	4,578,126
Land Improvements	934,297	1,008,237	4,216	5,548	938,513	1,013,785
Furniture and Office Equipment	145,580	35,737	-	-	145,580	35,737
Vehicles and Equipment	483,611	586,037	120,450	107,825	604,061	693,862
Infrastructure	1,807,181	1,347,106	15,560,487	15,646,490	17,367,668	16,993,596
Total	<u>\$ 9,411,897</u>	<u>\$ 9,191,144</u>	<u>\$ 18,062,875</u>	<u>\$ 17,966,387</u>	<u>\$ 27,474,772</u>	<u>\$ 27,157,531</u>

Additional information on the Village's capital assets can be found in note 3 on pages 27 and 28 of this report.

Long Term Debt – At April 30, 2014, the Village had \$3,093,644 in long-term debt.

Village of Lake Villa's Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
GO Tax Certificates	\$ 120,000	\$ 235,000	\$ -	\$ -	\$ 120,000	\$ 235,000
Installment Loan	44,106	70,694	-	-	44,106	70,694
GO Bonds	-	-	2,550,000	3,465,000	2,550,000	3,465,000
IEPA Loan	-	-	379,538	437,403	379,538	437,403
Total	<u>\$ 164,106</u>	<u>\$ 305,694</u>	<u>\$ 2,929,538</u>	<u>\$ 3,902,403</u>	<u>\$ 3,093,644</u>	<u>\$ 4,208,097</u>

Additional information on the Village's long-term debt can be found in note 4 on pages 28 and 29 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village considered many factors when setting the fiscal year 2016 budgets. Those factors included expected property tax revenues, income and utility tax revenues, projected expenses and capital outlay.

The General Capital Fund budget includes the following:

- Mansion roof - \$100,000
- Train station brick replacement/repair - \$50,000
- Gates - public works yard and mansion - \$32,000
- Economic Incentive Program - \$75,000

The Water and Sewer Fund budget includes the following:

- Water main replacement projects and construction engineering - \$1,370,000
- Water and Sewer rates will increase 12% to continue improvements for Lake Michigan water

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Village of Lake Villa, 65 Cedar Ave., Lake Villa, IL 60046.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LAKE VILLA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,244,818	\$ 113,005	\$ 4,357,823
Cash and Cash Equivalents - Restricted	-	9,008	9,008
Investments	514,701	3,596,523	4,111,224
Other Receivables	4,860	4,070	8,930
Capital Assets			
Land	3,473,435	-	3,473,435
Construction in Progress	-	461,944	461,944
Other Capital Assets, Net of Depreciation	5,938,462	17,600,931	23,539,393
Total Assets	<u>\$ 14,176,276</u>	<u>\$ 21,785,481</u>	<u>\$ 35,961,757</u>
LIABILITIES			
Miscellaneous Payables	\$ -	\$ 31,047	\$ 31,047
Cash Overdraft	34,265	-	34,265
Refundable Deposits	44,147	4,152	48,299
Due to Other Funds	60,882	(65,434)	(4,552)
Due to Other Governments	11,201	25,356	36,557
Non-Current Liabilities			
Due Within One Year	147,558	254,290	401,848
Due in More Than One Year	16,548	2,675,248	2,691,796
Total Liabilities	<u>\$ 314,601</u>	<u>\$ 2,924,659</u>	<u>\$ 3,239,260</u>
NET POSITION			
Net Investment in Capital Assets	\$ 9,247,791	\$ 15,133,337	\$ 24,381,128
Restricted for:			
Streets	510,128	-	510,128
Audit	5,273	-	5,273
Mansion	17,158	-	17,158
Drug Enforcement	6,734	-	6,734
DUI	31,819	-	31,819
Unemployment	27,657	-	27,657
Metra	6,833	-	6,833
Debt Service	130,775	9,008	139,783
Unrestricted / (Deficit)	<u>3,877,507</u>	<u>3,718,477</u>	<u>7,595,984</u>
Total Net Position	<u>\$ 13,861,675</u>	<u>\$ 18,860,822</u>	<u>\$ 32,722,497</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs	Expenses						
Governmental Activities							
General Government	\$ 1,252,379	\$ 20,280	\$ -	\$ 4,200	\$ (1,227,899)	\$ -	\$ (1,227,899)
Police	2,885,282	270,805	-	-	(2,614,477)	-	(2,614,477)
Streets	1,234,100	50,349	-	-	(1,183,751)	-	(1,183,751)
Building and Grounds	235,195	136,395	-	-	(98,800)	-	(98,800)
Mansion	187,223	104,789	-	20,074	(62,360)	-	(62,360)
Interest and Fees on Long-Term Debt	9,070	-	-	-	(9,070)	-	(9,070)
	<u>\$ 5,803,249</u>	<u>\$ 582,618</u>	<u>\$ -</u>	<u>\$ 24,274</u>	<u>\$ (5,196,357)</u>	<u>\$ -</u>	<u>\$ (5,196,357)</u>
Business-Type Activities							
Water and Sewer	\$ 2,009,957	\$ 2,055,214	\$ -	\$ -	\$ -	\$ 45,257	\$ 45,257
Total Primary Government	<u>\$ 7,813,206</u>	<u>\$ 2,637,832</u>	<u>\$ -</u>	<u>\$ 24,274</u>	<u>\$ (5,196,357)</u>	<u>\$ 45,257</u>	<u>\$ (5,151,100)</u>
General Revenues							
Taxes							
Property Tax					\$ 2,210,161	\$ -	\$ 2,210,161
State Sales Tax					765,837	-	765,837
State Income Tax					848,798	-	848,798
State Motor Fuel Tax					298,423	-	298,423
Other Taxes					1,063,505	-	1,063,505
Unrestricted Investment Earnings					4,647	630	5,277
Miscellaneous					162,756	35,993	198,749
Gain/(Loss) on Disposal of Fixed Assets					3,900	-	3,900
Connection and Permit Fees					-	37,800	37,800
Total General Revenues and Transfers					<u>\$ 5,358,027</u>	<u>\$ 74,423</u>	<u>\$ 5,432,450</u>
Change in Net Position					\$ 161,670	\$ 119,680	\$ 281,350
Net Position - Beginning of Year					13,700,005	18,741,142	32,441,147
Net Position - End of Year					<u>\$ 13,861,675</u>	<u>\$ 18,860,822</u>	<u>\$ 32,722,497</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF APRIL 30, 2015

	General Fund	Motor Fuel Tax Fund	General Capital Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,072,388	\$ 510,414	\$ 1,468,225	\$ 193,791	\$ 4,244,818
Investments	514,701	-	-	-	514,701
Other Receivables	4,860	-	-	-	4,860
Total Assets	\$ 2,591,949	\$ 510,414	\$ 1,468,225	\$ 193,791	\$ 4,764,379
LIABILITIES					
Cash Overdraft	\$ -	\$ -	\$ -	\$ 34,265	\$ 34,265
Refundable Deposits	42,226	-	1,449	472	44,147
Due to Other Funds	(7,633)	-	-	68,515	60,882
Due to Other Governments	11,201	-	-	-	11,201
Total Liabilities	\$ 45,794	\$ -	\$ 1,449	\$ 103,252	\$ 150,495
FUND BALANCES					
Restricted					
Streets	\$ -	\$ 510,128	\$ -	\$ -	\$ 510,128
Audit	5,273	-	-	-	5,273
Mansion	-	-	-	17,158	17,158
Drug Enforcement	-	-	-	6,734	6,734
DUI	-	-	-	31,819	31,819
Unemployment	27,657	-	-	-	27,657
Metra	-	-	-	6,833	6,833
Debt Service	-	-	-	130,775	130,775
Committed					
Parks	651,979	-	-	-	651,979
Assigned					
Capital Projects	-	-	1,466,776	-	1,466,776
Police	-	-	-	-	-
Streets	-	286	-	-	286
Street Lights	-	-	-	-	-
Highways and Streets	-	-	-	-	-
Unassigned	1,861,246	-	-	(102,780)	1,758,466
Total Fund Balances	\$ 2,546,155	\$ 510,414	\$ 1,466,776	\$ 90,539	\$ 4,613,884
Total Liabilities and Fund Balances	\$ 2,591,949	\$ 510,414	\$ 1,468,225	\$ 193,791	\$ 4,764,379

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2015

Total Fund Balances - Governmental Funds	\$ 4,613,884
Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital Assets, net of accumulated depreciation	9,411,897
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Notes Payable	<u>(164,106)</u>
Net Position of Governmental Activities	<u><u>\$ 13,861,675</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2015

	General Fund	Motor Fuel Tax Fund	General Capital Fund	Nonmajor Funds	Total Governmental Funds
REVENUES					
Local Taxes	\$ 3,378,433	\$ -	\$ 110,132	\$ 393,388	\$ 3,881,953
Intergovernmental	758,912	298,423	247,436	-	1,304,771
Licenses and Permits	129,278	-	-	-	129,278
Fines	198,880	-	-	10,493	209,373
Other	260,853	53	29,239	145,499	435,644
Total Revenues	<u>\$ 4,726,356</u>	<u>\$ 298,476</u>	<u>\$ 386,807</u>	<u>\$ 549,380</u>	<u>\$ 5,961,019</u>
EXPENDITURES					
CURRENT					
General Government	\$ 609,052	\$ -	\$ -	\$ 589,022	\$ 1,198,074
Police	2,823,795	-	-	-	2,823,795
Streets	828,782	163,404	-	-	992,186
Building and Grounds	138,445	-	-	-	138,445
Mansion	-	-	-	82,636	82,636
CAPITAL OUTLAY					
General Government	11,766	-	143,690	-	155,456
Police	211	-	39,649	12,135	51,995
Streets	14,985	-	441,441	-	456,426
Building and Grounds	1,439	-	94,134	-	95,573
Mansion	-	-	16,820	3,526	20,346
DEBT SERVICE					
Principal	141,588	-	-	-	141,588
Interest and Fees	9,070	-	-	-	9,070
Total Expenditures	<u>\$ 4,579,133</u>	<u>\$ 163,404</u>	<u>\$ 735,734</u>	<u>\$ 687,319</u>	<u>\$ 6,165,590</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 147,223</u>	<u>\$ 135,072</u>	<u>\$ (348,927)</u>	<u>\$ (137,939)</u>	<u>\$ (204,571)</u>
OTHER FINANCING SOURCES/(USES)					
Proceeds from Sale of Fixed Assets	\$ -	\$ -	\$ -	\$ 3,900	\$ 3,900
Transfers	(2,094,506)	185,000	1,815,703	93,803	-
	<u>\$ (2,094,506)</u>	<u>\$ 185,000</u>	<u>\$ 1,815,703</u>	<u>\$ 97,703</u>	<u>\$ 3,900</u>
NET CHANGE IN FUND BALANCES	\$ (1,947,283)	\$ 320,072	\$ 1,466,776	\$ (40,236)	\$ (200,671)
FUND BALANCES - MAY 1, 2014	<u>4,493,438</u>	<u>190,342</u>	<u>-</u>	<u>130,775</u>	<u>4,814,555</u>
FUND BALANCES - APRIL 30, 2015	<u>\$ 2,546,155</u>	<u>\$ 510,414</u>	<u>\$ 1,466,776</u>	<u>\$ 90,539</u>	<u>\$ 4,613,884</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (200,671)

Amounts reported for governmental activities in the Statement of Activities - Modified
Cash Basis are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities - Modified Cash Basis the cost of those assets is allocated
over their estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (516,066)	
Capital Outlays	<u>736,819</u>	
		220,753

Repayment of long-term debt requires the use of current financial resources of
governmental funds and is therefore shown as an expenditure in the Statement
of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis,
but the repayment reduces long-term liabilities in the Statement of Net Position -
Modified Cash Basis and is therefore not reported in the Statement of Activities -
Modified Cash Basis.

Repayment of Long-Term Debt		<u>141,588</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 161,670</u></u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2015

	<u>Enterprise Fund</u> <u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 113,005
Cash and Cash Equivalents - Restricted	9,008
Investments	3,596,523
Due from Other Funds	65,434
Other Receivable	4,070
	<u>\$ 3,788,040</u>
Non-Current Assets	
Capital Assets	
Construction in Progress	\$ 461,944
Other Capital Assets	2,552,453
Water and Sewer Systems	24,441,984
Less: Accumulated Depreciation	(9,393,506)
	<u>\$ 18,062,875</u>
Total Assets	<u>\$ 21,850,915</u>
LIABILITIES	
Current Liabilities	
Miscellaneous Payables	\$ 31,047
Deposits and Escrows	4,152
Due to Other Governments	25,356
Bonds and Notes Payable - Current	254,290
	<u>\$ 314,845</u>
Non-Current Liabilities	
Bonds and Notes Payable (Net of Current Portion Shown Above)	<u>\$ 2,675,248</u>
Total Liabilities	<u>\$ 2,990,093</u>
NET POSITION	
Net Investment in Capital Assets	\$ 15,133,337
Restricted for:	
Debt Service	9,008
Unrestricted / (Deficit)	<u>3,718,477</u>
Total Net Position	<u><u>\$ 18,860,822</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2015

	<u>Enterprise Fund</u> <u>Water and Sewer</u>
OPERATING REVENUES	
Charges for Services	
Water Customer Sales	\$ 886,264
Sewer Customer Sales	1,162,789
Water Meter Sales	4,161
Inspection Fees	2,000
Miscellaneous Revenue	12,744
	<u>\$ 2,067,958</u>
OPERATING EXPENSES	
Water Department	
Personnel Expenses	\$ 194,336
Contractor Expenses	67,068
Operating Expenses	138,884
Depreciation	304,670
Sewer Department	
Personnel Expenses	185,255
Contractor Expenses	639,567
Operating Expenses	72,104
Depreciation	250,865
	<u>\$ 1,852,749</u>
OPERATING INCOME/(LOSS)	<u>\$ 215,209</u>
NON-OPERATING REVENUE/(EXPENSE)	
Connection Fees	\$ 37,800
Interest Income	630
Interest Expense	(157,208)
Bond Premium and Issuance Cost	23,249
	<u>\$ (95,529)</u>
CHANGE IN NET POSITION	\$ 119,680
NET POSITION - MAY 1, 2014	<u>18,741,142</u>
NET POSITION - APRIL 30, 2015	<u><u>\$ 18,860,822</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2015

	<u>Enterprise Fund</u> <u>Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 2,064,963
Payments to Suppliers for Goods and Services	(893,029)
Payments to Employees for Services	(368,467)
Internal Activity - Payments to Other Funds	(63,212)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 740,255</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection Fees	\$ 37,800
Purchase of Capital Assets	(652,023)
Interest Paid on Capital Debt	(157,208)
Principal Paid on Capital Debt	(972,865)
Premium and Fees Paid to Acquire Capital Debt	23,249
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (1,721,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 630
Net Cash Provided/(Used) by Investing Activities	<u>\$ 630</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (980,162)
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2014	<u>4,698,698</u>
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2015	<u><u>\$ 3,718,536</u></u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ 215,209
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	555,535
Change in assets and liabilities:	
Due To/From Other Funds	(63,212)
Other Receivable	(86)
Miscellaneous Payables	11,124
Deposits and Escrows	(2,909)
Due to Other Governments	24,594
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 740,255</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
APRIL 30, 2015

	Police Pension Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 624,627	\$ 23,081
Investments	3,900,338	742,073
Due from Other Funds	-	762
Total Assets	<u>\$ 4,524,965</u>	<u>\$ 765,916</u>
LIABILITIES		
Due to Other Funds	\$ 5,314	\$ -
Due to Developers	-	765,916
Total Liabilities	<u>\$ 5,314</u>	<u>\$ 765,916</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 4,519,651</u>	

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
MODIFIED CASH BASIS
FIDUCIARY FUNDS
YEAR ENDED APRIL 30, 2015

	<u>Police Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 609,358
Plan Members	133,245
Total Contributions	<u>\$ 742,603</u>
Investment Income	
Interest and Dividends	\$ 109,293
Gain/(Loss) on Sale of Investments	77,552
Net Increase/(Decrease) in Fair Value of Investments	8,504
Less: Brokerage Fees	(8,342)
Net Investment Income	<u>\$ 187,007</u>
Total Additions	<u>\$ 929,610</u>
DEDUCTIONS	
Benefits	\$ 326,375
Administrative Expenses	11,471
Total Deductions	<u>\$ 337,846</u>
NET INCREASE/(DECREASE)	\$ 591,764
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2014	<u>3,927,887</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2015	<u><u>\$ 4,519,651</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Village of Lake Villa's (Village) financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the Village are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that the Police Pension Plan meets the above criteria. The Police Pension Plan is blended into the Village's primary government financial statements as a fiduciary fund although it remains a separate legal entity. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Financial Statements*

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, police, streets, building and grounds, and mansion 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 Position – Modified Cash Basis, the governmental and business-type activities column (a) are presented on a consolidated basis, and (b) are reported on a modified cash, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities – Modified Cash Basis reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Statement of Activities – Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function (general government, police, streets, building and grounds, and mansion). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basic Financial Statements – Government-Wide Financial Statements (Continued)*

The net costs (by function or business-type activity) are normally covered by general revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, 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 position resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

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

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

The following fund types are used by the Village:

1. *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:

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Motor Fuel Tax Fund includes revenues from motor fuel tax and other state road grants along with the related expenditures.

Debt Services Funds – The Debt Services Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of principal, interest and related fees on general long-term debt.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Basic Financial Statements – Fund Financial Statements (Continued)*

2. *Proprietary Fund Types*

The proprietary fund utilizes an “economic resource” measurement focus. The object is determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

Enterprise Funds – Enterprise Funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements.

3. *Fiduciary Fund Types*

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 position and changes in net position and is reported using accounting principles similar to proprietary funds.

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

D. *Basis of Accounting*

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

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

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

If the Village utilized accounting principles generally accepted in the United States of America, 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 financial statements would be presented on the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all Village funds. Instead, the funds maintain their cash balances in common bank accounts, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Village funds.

The Liability Insurance and Retirement Funds had cash overdrafts at April 30, 2015.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. Fair value is determined by quoted market prices. Gains and losses on the sale of investments are recognized as they are incurred.

F. *Restricted Cash and Cash Equivalents*

Certain enterprise fund resources are classified as restricted cash and cash equivalents on the Balance Sheet because their use is limited by applicable bond covenants.

G. *Interfund Activity*

Interfund activity is reported either 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 between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

H. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more (\$25,000 or more for buildings and infrastructure) are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 - 60 years
Land Improvements	20 - 50 years
Furniture and Office Equipment	5 - 25 years
Vehicles and Equipment	5 - 15 years
Water and Sewerage Infrastructure	30 - 50 years
Other Infrastructure	10 - 15 years

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Capital Assets (Continued)*

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets acquired on or after May 1, 2004. Infrastructure assets include roads, sidewalks, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

I. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheets and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource until that time.

J. *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.

K. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position – Modified Cash Basis. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental funds 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 and discounts received on debt issuances are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. *Government-Wide Net Position*

Government-wide net position is divided into three components:

1. Net Investment in Capital Assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – consists of net position that is restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
3. Unrestricted Net Position – all other net positions are reported in this category.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

1. **Restricted** – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. **Committed** – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
3. **Assigned** – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The authority of the assigned fund balance has been retained by the Board of Trustees.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Village itself. All assigned fund balances are the residual amounts of the fund.

4. **Unassigned** – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

N. *Property Tax Calendar and Revenues*

The Village's property tax is levied each calendar year on all taxable real property located in the Village's district on or before the last Tuesday in December. The 2014 levy was passed by the Board on December 10, 2014. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. *Defining Operating Revenues and Expenses*

The Village's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Village's Water and Sewer Fund consist of charges for services and the costs of providing those services, administrative expenses, and depreciation on capital assets. All other revenue and expenses are reported as nonoperating.

P. *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 April 9, 2014. Budget amounts reflected on the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash – Budget and Actual reflect the Village's internal working budget amounts which are lower than legal budget amounts. Therefore, all funds operated within legal budgets.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the Village's name. The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

Investments

As of April 30, 2015, the Village had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	5 - 10	More than 10
State Investment Pool	\$ 1,964,978	\$ 1,964,978	\$ -	\$ -	\$ -
FHLB	1,243,972	-	-	994,129	249,843
GNMA	1,158,860	-	-	-	1,158,860
Corporate Bonds	248,408	248,408	-	-	-
Total Investments	<u>\$ 4,616,218</u>	<u>\$ 2,213,386</u>	<u>\$ -</u>	<u>\$ 994,129</u>	<u>\$ 1,408,703</u>

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered, but does have regulatory oversight through the State of Illinois.

Credit Risk. State law limits investments based on credit risk. The Village's investment policy states that the Village cannot directly invest in securities maturing more than ten years from the date of purchase. As of April 30, 2015, the Village's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's
FHLB	AA+	Standard and Poor's
Corporate Bonds	A+	Standard and Poor's

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 was as follows:

	Balance May 1, 2014	Increases	Decreases	Balance April 30, 2015
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 3,404,635	\$ 68,800	\$ -	\$ 3,473,435
Construction in Progress	192,445	-	192,445	-
Total Capital Assets not being depreciated	<u>\$ 3,597,080</u>	<u>\$ 68,800</u>	<u>\$ 192,445</u>	<u>\$ 3,473,435</u>
Other Capital Assets:				
Buildings and Improvements	\$ 3,838,906	\$ 73,627	\$ -	\$ 3,912,533
Land Improvements	1,762,887	-	-	1,762,887
Furniture and Office Equipment	131,627	128,094	-	259,721
Vehicles and Equipment	2,006,410	24,857	99,873	1,931,394
Infrastructure	1,874,668	633,886	-	2,508,554
Total Other Capital Assets at Historical Cost	<u>\$ 9,614,498</u>	<u>\$ 860,464</u>	<u>\$ 99,873</u>	<u>\$ 10,375,089</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,221,959	\$ 122,781	\$ -	\$ 1,344,740
Land Improvements	754,650	73,940	-	828,590
Furniture and Office Equipment	95,890	18,251	-	114,141
Vehicles and Equipment	1,420,373	127,283	99,873	1,447,783
Infrastructure	527,562	173,811	-	701,373
Total Accumulated Depreciation	<u>\$ 4,020,434</u>	<u>\$ 516,066</u>	<u>\$ 99,873</u>	<u>\$ 4,436,627</u>
Other Capital Assets, Net	<u>\$ 5,594,064</u>	<u>\$ 344,398</u>	<u>\$ -</u>	<u>\$ 5,938,462</u>
Governmental Activities Capital Assets, net	<u>\$ 9,191,144</u>	<u>\$ 413,198</u>	<u>\$ 192,445</u>	<u>\$ 9,411,897</u>
	Balance May 1, 2014	Increases	Decreases	Balance April 30, 2015
Business-Type Activities:				
Capital Assets not being depreciated:				
Construction in Progress	\$ 245,345	\$ 466,574	\$ 249,975	\$ 461,944
Total Capital Assets not being depreciated	<u>\$ 245,345</u>	<u>\$ 466,574</u>	<u>\$ 249,975</u>	<u>\$ 461,944</u>
Other Capital Assets:				
Buildings	\$ 2,244,382	\$ -	\$ -	\$ 2,244,382
Land Improvements	15,980	-	-	15,980
Equipment	19,612	-	-	19,612
Vehicles and Equipment	279,368	35,485	42,374	272,479
Infrastructure	24,042,045	399,939	-	24,441,984
Total Other Capital Assets at Historical Cost	<u>\$ 26,601,387</u>	<u>\$ 435,424</u>	<u>\$ 42,374</u>	<u>\$ 26,994,437</u>
Less Accumulated Depreciation for:				
Buildings	\$ 283,203	\$ 45,401	\$ -	\$ 328,604
Land Improvements	10,432	1,332	-	11,764
Equipment	19,612	-	-	19,612
Vehicles and Equipment	171,543	22,860	42,374	152,029
Infrastructure	8,395,555	485,942	-	8,881,497
Total Accumulated Depreciation	<u>\$ 8,880,345</u>	<u>\$ 555,535</u>	<u>\$ 42,374</u>	<u>\$ 9,393,506</u>
Other Capital Assets, Net	<u>\$ 17,721,042</u>	<u>\$ (120,111)</u>	<u>\$ -</u>	<u>\$ 17,600,931</u>
Business-Type Activities Capital Assets, net	<u>\$ 17,966,387</u>	<u>\$ 346,463</u>	<u>\$ 249,975</u>	<u>\$ 18,062,875</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 47,383
Police	45,402
Streets	226,929
Building and Grounds	95,291
Mansion	101,061
Total Governmental Activities Depreciation Expense	<u>\$ 516,066</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

Business-Type Activities:

Water Operations	\$ 304,670
Sewer Operations	250,865
Total Business-Type Activities Depreciation Expense	<u>\$ 555,535</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2015 was as follows:

	Balance May 1, 2014	Additions	Retirements	Balance April 30, 2015	Amounts Due Within One Year
Governmental Activities:					
Long-Term Debt					
GO Tax Certificates	\$ 235,000	\$ -	\$ 115,000	\$ 120,000	\$ 120,000
Installment Loan	70,694	-	26,588	44,106	27,558
Total Governmental Activities					
Long-Term Debt	<u>\$ 305,694</u>	<u>\$ -</u>	<u>\$ 141,588</u>	<u>\$ 164,106</u>	<u>\$ 147,558</u>
Business-Type Activities:					
Long-Term Debt					
GO Bonds	\$ 3,465,000	\$ 2,550,000	\$ 3,465,000	\$ 2,550,000	\$ 195,000
IEPA Loan	437,403	-	57,865	379,538	59,290
Total Business-Type Activities					
Long-Term Debt	<u>\$ 3,902,403</u>	<u>\$ 2,550,000</u>	<u>\$ 3,522,865</u>	<u>\$ 2,929,538</u>	<u>\$ 254,290</u>

Long-term debt consisted of the following at April 30, 2015:

	Date of Issuance	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities:					
GO Tax Certificates	8/1/2004	7/1/2015	1.45% - 3.8%	\$ 1,120,000	\$ 120,000
Installment Loan	10/1/2012	10/1/2016	3.50%	106,836	44,106
Business-Type Activities:					
GO Bonds	12/17/2014	12/15/2026	2.0% - 3.0%	\$ 2,550,000	\$ 2,550,000
IEPA Loan	8/1/2001	12/1/2020	2.535%	1,038,400	379,538

On December 17, 2014, The Village issued \$2,550,000 in General Refunding Bonds, Series 2015A to refund \$2,550,000 of an outstanding 2006 issue. The money was deposited in an irrevocable trust with an escrow agent in order to redeem the debt. The 2006 issues were callable on April 30, 2015 so there was no defeased debt outstanding related to these bonds. The refunding of the 2006 bond generated a net savings of \$441,425.

At April 30, 2015 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2016	\$ 147,558	\$ 3,384	\$ 150,942
2017	16,548	193	16,741
	<u>\$ 164,106</u>	<u>\$ 3,577</u>	<u>\$ 167,683</u>

At April 30, 2015 the annual debt service requirements to service long-term debt attributable to business-type activities are:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 254,290	\$ 185,739	\$ 440,029
2017	245,810	177,841	423,651
2018	252,370	165,891	418,261
2019	258,970	153,466	412,436
2020	265,610	140,566	406,176
2021	277,488	126,691	404,179
2022	210,000	111,764	321,764
2023	215,000	95,858	310,858
2024	225,000	78,830	303,830
2025	235,000	60,793	295,793
2026	240,000	41,300	281,300
2027	250,000	21,100	271,100
	<u>\$ 2,929,538</u>	<u>\$ 1,359,839</u>	<u>\$ 4,289,377</u>

NOTE 5 - INTERFUND BALANCES/TRANSFERS

Interfund balances at April 30, 2015 consisted of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Pension Fund	General Fund	\$ 5,314
Retirement Fund	Water and Sewer Fund	49,632
Liability Insurance Fund	Water and Sewer Fund	18,883
Water and Sewer Fund	General Fund	2,319
Water and Sewer Fund	Developer Escrows Fund	762

The General Fund, Water and Sewer Fund, and Police Pension Fund interfund balances resulted from a time lag between the dates that (1) revenue was collected and remitted to the appropriate funds and (2) expenditures were incurred and reimbursed between funds.

Interfund transfers for the year ended April 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	DUI Fund	\$ 26,607
General Fund	Drug Seizure Fund	7,834
General Fund	General Capital Fund	1,815,703
General Fund	Retirement Fund	59,362
General Fund	Motor Fuel Tax Fund	185,000
Metra Fund	Retirement Fund	734
Mansion Fund	Retirement Fund	1,469

NOTE 6 - DEFICIT FUND BALANCES

The following Village funds had a deficit fund balance as of April 30, 2015:

Liability Insurance Fund	\$ 45,144
Retirement Fund	57,636

NOTE 7 - PROPERTY TAXES

Property taxes recorded in these financial statements are from the 2013 tax levies. A summary of the assessed valuation, rates, and extensions for the years 2014, 2013, and 2012 follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - PROPERTY TAXES (Continued)

TAX YEAR	2014		2013		2012	
ASSESSED VALUATION	\$193,259,227		\$193,301,952		\$213,272,134	
	RATES	EXTENSIONS	RATES	EXTENSIONS	RATES	EXTENSIONS
Corporate	0.256	\$ 495,345	0.271	\$ 523,733	0.287	\$ 612,091
Police Protection	0.244	471,002	0.244	471,553	0.255	543,844
Tort and Liability Insurance	0.096	185,987	0.096	185,529	0.046	98,105
Municipal Retirement	0.049	93,889	0.043	83,101	0.029	61,849
Unemployment Insurance	0.000	100	0.003	5,798	0.003	6,398
Audit	0.008	15,001	0.008	15,461	0.005	10,664
Social Security	0.099	191,798	0.065	125,618	0.043	91,707
Street and Bridge	0.072	139,112	0.090	173,933	0.091	194,078
Police Pension	0.316	610,483	0.316	610,834	0.251	535,313
	1.140	\$ 2,202,717	1.136	\$ 2,195,560	1.010	\$ 2,154,049

NOTE 8 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2015, the following funds had expenditures that exceeded the budget:

Fund	Actual	Budget	Excess of Actual Over Budget
General Fund	\$ 4,579,133	\$ 4,076,754	\$ 502,379
Motor Fuel Tax	163,404	-	163,404
Liability Insurance Fund	230,229	227,966	2,263
Retirement Fund	327,504	327,446	58

NOTE 9 - OPERATING LEASES, AS LESSEE

The Village, as a lessee, leases two copiers, one for the Village office and one for the Police Department. The annual requirements to cover outstanding lease agreements at April 30, 2015 are:

Year Ending April 30	Total Payments
2016	\$ 6,324
2017	3,095
	<u>\$ 9,419</u>

For the year ended April 30, 2015, the Village expensed \$6,324 under both lease agreements.

NOTE 10 - RETIREMENT FUND COMMITMENTS

A. *Illinois Municipal Retirement Fund*

Plan Description

The Village's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - RETIREMENT FUND COMMITMENTS (Continued)

A. *Illinois Municipal Retirement Fund* (Continued)

Funding Policy

As set by statute, the Village's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual required contribution rate for calendar year 2014 was 10.48%. 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

The required contribution for calendar year 2014 was \$119,483.

Three Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2014	\$ 119,483	100%	\$ -
12/31/2013	102,012	100%	-
12/31/2012	95,878	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 91.74% funded. The actuarial accrued liability for benefits was \$3,712,967 and the actuarial value of assets was \$3,406,132, resulting in an underfunded actuarial accrued liability (UAAL) of \$306,835. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$1,140,100 and the ratio of the UAAL to the covered payroll was 27%.

The Schedule of Funding Progress, presented as Supplementary Information 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - RETIREMENT FUND COMMITMENTS (Continued)

B. *Social Security*

All employees are covered under Social Security. The Village paid the total required contribution for the current fiscal year.

NOTE 11 - POLICE PENSION PLAN

A. *Plan Description*

The Police Pension Plan (Plan) is a single-employer defined benefit pension plan that covers sworn police personnel of the Village. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IL CS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Plan as a Pension Trust Fund and does not issue a stand-alone financial report.

B. *Plan Membership*

Membership in the Plan consisted of the following at April 30, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	9
Terminated employees entitled to benefits but not yet receiving them	2
Active plan members	17
Total	<u>28</u>

C. *Benefits Provided*

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

D. *Contributions*

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the 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 and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Plan. For the year ended April 30, 2015, the Village's contribution was 46.96% of covered payroll.

E. *Investment Policy*

ILCS limit the Plan's investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan's investment policy authorizes the Plan to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

E. *Investment Policy* (Continued)

bonds and Illinois Funds. The Plan may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities.

The Plan's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income, Govt	44.00%	0.55%
Corporate Investment Grade	11.00%	0.17%
Domestic Equities	31.50%	2.05%
International Developed	11.25%	0.68%
Real Estate	2.25%	0.16%
Cash and Equivalents	0%	0%
	<u>100.00%</u>	

ILCS limit the Plan's investments in equities and mutual funds to 45%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of April 30, 2015 are listed in the table above.

F. *Investment Valuations*

All investments in the Plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices for debt securities, equity securities and mutual funds.

G. *Investment Concentrations*

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Plan's investments.

H. *Investment Rate of Return*

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments (excluding CD's), net of pension plan investment expense, was 2.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

I. *Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. The Plan's investment policy requires all bank balances to be covered by federal depository insurance.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

J. *Interest Rate Risk*

The following table presents the investments and maturities of the Plan's debt securities as of April 30, 2015:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	5 - 10	More than 10
State Investment Pool	\$ 490,293	\$ 490,293	\$ -	\$ -	\$ -
US Treasury	543,880	100,187	210,891	232,802	-
FHLMC	175,325	-	130,689	44,636	-
FNMA	199,995	31,228	-	168,767	-
Mutual Funds	1,775,705	1,775,705	-	-	-
Corporate Bonds	142,951	-	142,951	-	-
Total Investments	<u>\$ 3,328,149</u>	<u>\$ 2,397,413</u>	<u>\$ 484,531</u>	<u>\$ 446,205</u>	<u>\$ -</u>

In accordance with its investment policy, the Plan limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Plan.

K. *Credit Risk*

The Plan limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. The fixed income securities are not rated Baa3 to Aaa by Moody's. However, certain fixed income securities are not rated. As of April 30, 2015, the Plan's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's
Federal Home Loan Mtg Corp	AA+	Standard and Poor's
Federal National Mtg Assn	AA+	Standard and Poor's
Corporate Bonds	A+ - BBB+	Standard and Poor's

L. *Net Pension Liability*

The components of the net pension liability of the Plan as of April 30, 2015 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$ 10,844,371
Plan Fiduciary Net Position	4,342,404
Village's Net Pension Liability	6,501,967
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.04%

See the Schedule of Changes in Net Pension Liability and Related Ratios in the Supplementary Information for additional information related to the funded status of the Plan.

M. *Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2015 using the following actuarial methods and assumptions.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

M. *Actuarial Assumptions (Continued)*

Actuarial Valuation Date	April 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Dollar/Ends in fiscal year 2041
Asset Valuation Method	5- year smoothed market, no corridor
Salary Increases	Graded rates from 4.86% to age 25 to 1.12% at age 55, plus 2.00% inflation allowance
Payroll Growth	3.50% per year
Investment Rate of Return	6.75% per year

Mortality rates were based on the RP-2000 Combined Health Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015. The mortality rates for disabled lives were based on the RP-2000 Combined Health Mortality Table (male) with blue collar adjustment projected by BB to 2015 with a 150% load for participants under age 50.

N. *Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to determine the total pension liability.

O. *Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 6.75% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 8,096,233	\$ 6,501,967	\$ 5,186,443

P. *Annual Pension Cost and Net Pension Obligation*

The Village's annual pension cost and net pension asset/obligation to the Plan as of April 30, 2014 (the date the most current actuarial information is available) is as follows:

Annual pension cost	\$ 550,010
Interest on net pension obligation	(265)
Adjustment to annual required contribution	235
	<hr/>
Contributions made	\$ 549,980
	<hr/>
Increase/(decrease) in net pension obligation	\$ (59,377)
Net pension asset/obligation beginning of year	(3,916)
	<hr/>
Net pension asset/obligation end of year	<u>\$ (63,293)</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

P. *Annual Pension Cost and Net Pension Obligation (Continued)*

The annual required contribution for the current year was determined as part of the April 30, 2014 actuarial valuation using the entry-age-normal actuarial cost method. The actuarial assumptions included (a) 6.75% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.5%, which includes an inflation allowance of 2.00% per year. The assumptions include postretirement benefit increases of 3%. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed period. The remaining amortization period at April 30, 2014 was 29 years.

Fiscal Year Ending	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2015	\$ 550,010	110.79%	\$ (63,293)
4/30/2014	540,041	100.11%	(3,916)
4/30/2013	542,025	100.55%	(6,291)

NOTE 12 - RISK MANAGEMENT

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Village is a member of the Illinois Municipal League Risk Management Association (IMLRMA), a joint risk management pool of local governmental units through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the Village and IMLRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Village is contractually obligated to make all annual and supplementary contributions for IMLRMA, to report claims on a timely basis, cooperate with IMLRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by IMLRMA. Members have a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which they were a member.

IMLRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. IMLRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

During the year ended April 30, 2015, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in each of the past three years. The Village is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2015, there were no significant adjustments in premiums based on actual experience.

NOTE 13 - JOINT VENTURE

The Village is a member of the Solid Waste Agency of Lake County (Agency). The Agency is a municipal corporation with 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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - JOINT VENTURE (Continued)

which the individual members would be financially liable. The Village's contract with the Agency 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 fees paid by refuse haulers. In addition, the Village is obligated for any costs arising from defaults in payment obligations by other members.

The following represents a summary of the Agency's balance sheet at November 30, 2013 and the statement of revenues and expenses for the year then ended.

Current Assets	\$ 2,400,752
Capital Assets	1,192,049
Total Assets	<u>\$ 3,592,801</u>
Current Liabilities	<u>\$ 99,090</u>
Investments in Capital Assets	\$ 1,192,049
Unrestricted	2,301,662
Total Net Position	<u>\$ 3,493,711</u>
Revenue	\$ 1,150,406
Expenditures	\$ 1,044,579

November 30, 2013 is the latest date information available. Audited financial statements of the Agency may be obtained from the Village or the Agency's administrative office located in Gurnee, Illinois.

NOTE 14 - 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 after 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.

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS

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, retirees, 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. Management considers the other post employment benefit, if any, to be immaterial.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 16 - COMMITMENTS

At April 30, 2015, 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 on the more significant joint agreements are provided in Note 13.

The Village pays sewerage usage fees and collection connection fees for and remits them to the County of Lake, Illinois (County), in accordance with an agreement for sewerage disposal dated August 23, 1991. During the fiscal year ended April 30, 2015 the Village remitted \$609,513 to the County under the terms of this agreement.

Subsequent to year end the Village approved contracts for the Lake Michigan Project (\$448,300). The estimated cost remaining on these projects at April 30, 2015 is \$71,456.

NOTE 17 - LEGAL DEBT LIMITATION

The Illinois Compiled Statutes limits the amount of indebtedness to 8.625% of the most recent available equalized assessed valuation (EAV) of the Village.

2014 EAV	\$	193,259,227
	X	<u>8.625%</u>
Debt Margin	\$	16,668,608
Current Debt		<u>164,106</u>
Remaining Debt Margin	\$	<u><u>16,504,502</u></u>

NOTE 18 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through October 12, 2015, the date on which the financial statements were available to be issued.

Subsequent to year end the Village was informed of a lawsuit against the Village related to a discrimination charge. At this point, the outcome and possible liability (if any) to the Village cannot be determined.

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

Effective in the year ended April 30, 2015, the Village implemented GASB Statement No. 67, *Financial Reporting for Pension Plans* which amends or supersedes the accounting and financial reporting guidance for certain pension plans. The objective is to improve financial reporting by state and local governmental pension plans by providing useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE VILLA
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2014	\$ 3,406,132	\$ 3,712,967	\$ 306,835	91.74%	\$ 1,140,100	26.91%
12/31/2013	3,017,345	3,246,877	229,532	92.93%	957,855	23.96%
12/31/2012	2,635,406	2,943,592	308,186	89.53%	938,137	32.85%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$3,797,717.
On a market basis, the funded ratio would be 102.28%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

VILLAGE OF LAKE VILLA
POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2015

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)
5/1/2013	\$ 3,523,320	\$ 9,224,547	\$ 5,701,227	38.20%	\$ 1,381,668	412.63%
5/1/2011	2,870,865	7,757,365	4,886,500	37.01%	NA	NA

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
POLICE PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
APRIL 30, 2015

TOTAL PENSION LIABILITY

Service Cost	\$ 362,617
Interest	649,073
Differences Between Expected and Actual Experience	(306,619)
Changes in Assumptions	700,192
Benefit Payments, Including Refunds of Member Contributions	<u>(326,375)</u>
Net Change in Total Pension Liability	\$ 1,078,888
Total Pension Liability - Beginning	<u>9,765,483</u>
Total Pension Liability - Ending	<u>\$ 10,844,371</u>

PLAN FIDUCIARY NET POSITION

Contributions - Employer	\$ 609,358
Contributions - Member	133,245
Net Investment Income	9,761
Benefit Payments, Including Refunds of Member Contributions	(326,375)
Administrative Expenses	<u>(11,473)</u>
Net Change in Plan Fiduciary Net Position	\$ 414,516
Plan Net Position - Beginning	<u>3,927,888</u>
Plan Net Position - Ending	<u>\$ 4,342,404</u>

Net Pension Liability	<u><u>\$ 6,501,967</u></u>
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Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.04%
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Covered-Employee Payroll	\$ 1,296,973
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Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	501.32%
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	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	2.00%

VILLAGE OF LAKE VILLA
POLICE PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTION
APRIL 30, 2015

	<u>4/30/2015</u>
Actuarial Determined Contribution	\$ 781,829
Contributions in Relation to Actuarially Determined Contribution	<u>609,358</u>
Contribution Deficiency/(Excess)	<u>\$ 172,471</u>
Covered-Employee Payroll	\$ 1,296,973
Contributions as a Percentage of Covered-Employee Payroll	46.98%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67. Additional information as of the latest actuarial valuation is as follows: The actuarial cost method was entry age normal, the amortization method was level dollar to bring the plan's funded ratio to 90% by the end of fiscal year 2041 and the amortization period was 26 years.

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>
	<u>ORIGINAL AND FINAL</u>		
REVENUES			
Local Taxes			
Property Tax	\$ 1,184,939	\$	1,187,613
Property Tax - Police Pension	-		609,358
Property Tax - Road and Bridge	19,000		19,802
Sales Tax	684,000		684,000
Local Use Tax	140,031		140,031
Telecommunication Tax	330,000		275,211
Utility Tax - Gas	95,000		149,976
Utility Tax - Electric	300,000		312,442
Intergovernmental			
State Income Tax	769,383		743,964
State Replacement Tax	8,500		14,948
Licenses and Permits			
Amusement Licenses	2,800		1,400
Building Permits	85,000		88,080
Business Registration Fees	5,000		4,925
Impact Fees	-		4,200
Landscaping Inspection Fees	500		350
Liquor Licenses	13,800		16,000
Site Development Permits	6,000		12,673
Vending Licenses	2,350		1,450
Watershed Permit	250		200
Fines			
Court Fines	180,000		128,642
Parking and Other Fines	45,000		70,238
Other			
Cable Franchise Fees	145,000		129,266
Computer Fund	-		1,693
Grant Revenue	-		20,074
Investment Income	45,000		4,318
Police Reports	1,000		880
Rent - Mansion	-		1,000
School Resource Officer Fees	77,245		71,045
Zoning Books, Maps and Hearing Fees	1,500		2,630
Other Revenue	25,280		29,947
Total Revenues	<u>\$ 4,166,578</u>	<u>\$</u>	<u>4,726,356</u>
EXPENDITURES			
CURRENT			
General Government			
Personnel Salaries	\$ 416,653	\$	403,448
Health Insurance Premiums	77,000		67,281
Training	4,400		5,084
Legal and Professional Fees	75,750		83,975

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2015

	BUDGETED AMOUNTS	
	ORIGINAL AND FINAL	ACTUAL AMOUNTS
EXPENDITURES (Continued)		
CURRENT (Continued)		
General Government (Continued)		
Computer Services	\$ 16,862	\$ 14,234
Maintenance	5,675	4,313
Printing and Publishing	14,500	5,990
Public Relations	3,500	3,884
Office Supplies	9,560	10,590
Credit Card Fees	750	-
Miscellaneous	8,800	10,253
	<u>\$ 633,450</u>	<u>\$ 609,052</u>
Police		
Personnel Salaries	\$ 1,648,245	\$ 1,731,439
Employee Retirement	-	609,358
Health Insurance Premiums	228,000	243,248
Uniforms	14,150	18,951
Training	17,460	5,701
Range	6,450	6,577
Legal and Professional Fees	55,000	38,699
Dispatching	44,622	44,367
Radios	19,400	3,368
Computer Services	9,350	13,932
Vehicle Maintenance	3,000	2,178
Equipment Maintenance	10,750	9,856
Fuel	45,900	42,408
Vehicle Supplies	16,500	15,374
Police Commission	3,000	3,046
Telephone	13,500	17,003
Printing	3,000	2,918
Office Supplies	11,660	8,674
Miscellaneous	4,040	6,698
	<u>\$ 2,154,027</u>	<u>\$ 2,823,795</u>
Streets		
Personnel Salaries	\$ 359,152	\$ 362,295
Health Insurance Premiums	92,000	84,808
Uniforms	3,200	2,629
Training	1,500	1,888
Engineering	15,000	29,398
Vehicle Maintenance	9,000	6,476
Fuel	35,700	33,708
Street Sweeping	5,000	4,753
Vehicle Supplies	27,500	27,398
Maintenance	240,000	124,383
Electric	130,000	135,757
Supplies	20,000	15,289
	<u>\$ 938,052</u>	<u>\$ 828,782</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2015

	<u>BUDGETED AMOUNTS</u> <u>ORIGINAL AND FINAL</u>	<u>ACTUAL AMOUNTS</u>
EXPENDITURES (Continued)		
CURRENT (Continued)		
Building and Grounds		
Engineering and Inspector Fees	\$ 46,500	\$ 52,440
Maintenance	28,250	26,199
Utilities	1,500	1,999
Supplies	35,000	27,428
Cleaning	8,900	7,540
Telephone	15,820	22,678
Miscellaneous	9,328	161
	<u>\$ 145,298</u>	<u>\$ 138,445</u>
CAPITAL OUTLAY		
General Government	\$ 15,000	\$ 11,766
Police	1,550	211
Streets	21,000	14,985
Building and Grounds	1,600	1,439
	<u>\$ 39,150</u>	<u>\$ 28,401</u>
DEBT SERVICE		
Principal	\$ 157,839	\$ 141,588
Interest and Fees	8,938	9,070
	<u>\$ 166,777</u>	<u>\$ 150,658</u>
Total Expenditures	<u>\$ 4,076,754</u>	<u>\$ 4,579,133</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 89,824	\$ 147,223
OTHER FINANCING SOURCES/(USES)		
Transfers	<u>(59,362)</u>	<u>(2,094,506)</u>
NET CHANGE IN FUND BALANCE	\$ 30,462	\$ (1,947,283)
FUND BALANCE - MAY 1, 2014	<u>4,493,438</u>	<u>4,493,438</u>
FUND BALANCE - APRIL 30, 2015	<u>\$ 4,523,900</u>	<u>\$ 2,546,155</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND
YEAR ENDED APRIL 30, 2015

	BUDGETED AMOUNTS <u>ORIGINAL AND FINAL</u>	<u>ACTUAL AMOUNTS</u>
REVENUES		
Intergovernmental		
State Motor Fuel Tax	\$ 212,406	\$ 298,423
Other		
Interest	200	53
Total Revenues	<u>\$ 212,606</u>	<u>\$ 298,476</u>
EXPENDITURES		
CURRENT		
Streets		
Snow Removal	\$ -	\$ 163,404
Total Expenditures	<u>\$ -</u>	<u>\$ 163,404</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 212,606	\$ 135,072
OTHER FINANCING SOURCES/(USES)		
Transfers	<u>-</u>	<u>185,000</u>
NET CHANGE IN FUND BALANCE	\$ 212,606	\$ 320,072
FUND BALANCE - MAY 1, 2014	<u>190,342</u>	<u>190,342</u>
FUND BALANCE - APRIL 30, 2015	<u><u>\$ 402,948</u></u>	<u><u>\$ 510,414</u></u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2015

	Debt Service Reserve Fund	Mansion Fund	Metra Fund	Liability Insurance Fund	Retirement Fund	DUI Fund	Drug Seizure Fund	Squad Car Fund	Total
ASSETS									
Cash and Cash Equivalents	\$ 130,775	\$ 17,630	\$ 6,833	\$ -	\$ -	\$ 31,819	\$ 2,834	\$ 3,900	\$ 193,791
Total Assets	<u>\$ 130,775</u>	<u>\$ 17,630</u>	<u>\$ 6,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,819</u>	<u>\$ 2,834</u>	<u>\$ 3,900</u>	<u>\$ 193,791</u>
LIABILITIES									
Cash Overdraft	\$ -	\$ -	\$ -	\$ 26,261	\$ 8,004	\$ -	\$ -	\$ -	\$ 34,265
Refundable Deposits	-	472	-	-	-	-	-	-	472
Due to Other Funds	-	-	-	18,883	49,632	-	-	-	68,515
Total Liabilities	<u>\$ -</u>	<u>\$ 472</u>	<u>\$ -</u>	<u>\$ 45,144</u>	<u>\$ 57,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,252</u>
FUND BALANCE									
Restricted	\$ 130,775	\$ 17,158	\$ 6,833	\$ -	\$ -	\$ 31,819	\$ 2,834	\$ 3,900	\$ 193,319
Unassigned	-	-	-	(45,144)	(57,636)	-	-	-	(102,780)
Total Fund Balance	<u>\$ 130,775</u>	<u>\$ 17,158</u>	<u>\$ 6,833</u>	<u>\$ (45,144)</u>	<u>\$ (57,636)</u>	<u>\$ 31,819</u>	<u>\$ 2,834</u>	<u>\$ 3,900</u>	<u>\$ 90,539</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 130,775</u>	<u>\$ 17,630</u>	<u>\$ 6,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,819</u>	<u>\$ 2,834</u>	<u>\$ 3,900</u>	<u>\$ 193,791</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2015

	Debt Service Reserve Fund	Mansion Fund	Metra Fund	Liability Insurance Fund	Retirement Fund	DUI Fund	Drug Seizure Fund	Squad Car Fund	Total
REVENUES									
Local Taxes									
Property Taxes	\$ -	\$ -	\$ -	\$ 185,085	\$ 208,303	\$ -	\$ -	\$ -	\$ 393,388
Fines									
DUI Fines	-	-	-	-	-	10,493	-	-	10,493
Other									
Interest	-	-	-	-	-	4	-	-	4
Mansion Rent	-	104,789	-	-	-	-	-	-	104,789
Parking Fees	-	-	38,856	-	-	-	-	-	38,856
Other Revenue	-	-	-	-	-	1,850	-	-	1,850
Total Revenues	<u>\$ -</u>	<u>\$ 104,789</u>	<u>\$ 38,856</u>	<u>\$ 185,085</u>	<u>\$ 208,303</u>	<u>\$ 12,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,380</u>
EXPENDITURES									
Current	\$ -	\$ 82,636	\$ 31,289	\$ 230,229	\$ 327,504	\$ -	\$ -	\$ -	\$ 671,658
Capital Outlay	-	3,526	-	-	-	7,135	5,000	-	15,661
Total Expenses	<u>\$ -</u>	<u>\$ 86,162</u>	<u>\$ 31,289</u>	<u>\$ 230,229</u>	<u>\$ 327,504</u>	<u>\$ 7,135</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 687,319</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 18,627</u>	<u>\$ 7,567</u>	<u>\$ (45,144)</u>	<u>\$ (119,201)</u>	<u>\$ 5,212</u>	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ (137,939)</u>
OTHER FINANCING SOURCES/(USES)									
Proceeds from Sale of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,900	\$ 3,900
Transfers	-	(1,469)	(734)	-	61,565	26,607	7,834	-	93,803
	<u>\$ -</u>	<u>\$ (1,469)</u>	<u>\$ (734)</u>	<u>\$ -</u>	<u>\$ 61,565</u>	<u>\$ 26,607</u>	<u>\$ 7,834</u>	<u>\$ 3,900</u>	<u>\$ 97,703</u>
NET CHANGE IN FUND BALANCES	\$ -	\$ 17,158	\$ 6,833	\$ (45,144)	\$ (57,636)	\$ 31,819	\$ 2,834	\$ 3,900	\$ (40,236)
FUND BALANCES - MAY 1, 2014	<u>130,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,775</u>
FUND BALANCES - APRIL 30, 2015	<u>\$ 130,775</u>	<u>\$ 17,158</u>	<u>\$ 6,833</u>	<u>\$ (45,144)</u>	<u>\$ (57,636)</u>	<u>\$ 31,819</u>	<u>\$ 2,834</u>	<u>\$ 3,900</u>	<u>\$ 90,539</u>

See Accompanying Independent Auditor's Report