

VILLAGE OF LAKE VILLA, ILLINOIS

ANNUAL FINANCIAL REPORT

APRIL 30, 2013

VILLAGE OF LAKE VILLA
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INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lake Villa as of and for the year ended April 30, 2013, and the related notes to the financial statements, 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 as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

Opinion

In our opinion, financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lake Villa as of April 30, 2013 and respective changes in financial position – modified cash basis, thereof for the year then ended in accordance with the basis of accounting described in Note A. In addition, the fund financial statements present fairly, in all material respects, the fund assets and liabilities arising from cash transactions as of April 30, 2013 and the related revenue received and expenditures disbursed of the respective funds as of and for the year then ended April 30, 2013 on the cash basis of accounting described in Note A to these financial statements.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash and cash basis, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

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 presented on pages 3 through 10, which are the responsibility of management, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and accordingly we do not express an opinion or provide any assurance on it.

This supplemental information presented on Schedules 1 through 8 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this supplemental information presented on Schedules 1 through 8 is fairly stated in all material respects in relation to the financial statements as a whole.

Dam, Snell & Taveirne, Ltd.

Certified Public Accountants
Fox Lake, Illinois

November 15, 2013

VILLAGE OF LAKE VILLA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

Our discussion and analysis of the Village of Lake Villa's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2013. Please read it in conjunction with the audit report and financial statements.

FINANCIAL HIGHLIGHTS

- The Village's governmental net position, which equals total assets less total liabilities, was \$12,986,980 and \$12,143,704 at the end of 2013 and 2012 fiscal years, respectively. Business-type activities net position was \$19,140,615 and \$19,450,269 at the end of 2013 and 2012 fiscal years, respectively.
- Revenues for Governmental Activities were \$5,869,695 and exceeded total expenses of \$5,026,419 by \$843,276 as compared to prior year total revenues of \$5,409,829 exceeding total expenses of \$4,594,971 by \$814,858. Expenses for business-type activities were \$2,339,561 which exceeded total revenues of \$2,029,907 by \$309,654 as compared to prior year total expenses of \$2,068,958, which exceeded total revenues of \$1,809,314 by \$259,644.
- The fund balance for the General Fund totaled \$4,155,483, an increase of \$816,850 over the prior year balance of \$3,338,633.

A BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

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

Reporting on the Village as a Whole

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

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

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

In the Statement of Net Position and the Statement of Activities, the Village is divided into the following kinds of activities:

- Governmental activities—Most of the Village's basic services are reported here, including the police, streets and parks, and general administration. Property taxes, franchise fees, sales tax and state shared revenues finance most of these activities.
- Business-type activities—The Village charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Village's water and sewer system is reported here.

Fund Financial Statements

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

Governmental Funds

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

Proprietary Fund

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

Fiduciary Fund

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

ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

Table 1
Net Position
Fiscal Year Ended April 30
(in thousands)

	Governmental Activites		Business - Type Activites		Total		Percent Change
	2013	2012	2013	2012	2013	2012	
Current assets	\$ 4,463	\$ 3,766	\$ 5,243	\$ 5,533	\$ 9,706	\$ 9,299	4.38%
Capital assets	9,099	8,957	18,087	18,351	27,186	27,308	-0.45%
Total assets	<u>13,562</u>	<u>12,723</u>	<u>23,330</u>	<u>23,884</u>	<u>36,892</u>	<u>36,607</u>	0.78%
Long-term debt	306	345	3,902	4,154	4,208	4,499	-6.47%
Other liabilities	269	234	287	280	556	514	8.17%
Total liabilities	<u>575</u>	<u>579</u>	<u>4,189</u>	<u>4,434</u>	<u>4,764</u>	<u>5,013</u>	-4.97%
Net position							
Invested in capital assets, net of debt	8,658	8,507	13,934	13,952	22,592	22,459	0.59%
Restricted	224	328	1,110	1,124	1,334	1,452	-8.13%
Unrestricted	4,105	3,309	4,097	4,374	8,202	7,683	6.76%
Total net position	<u>\$ 12,987</u>	<u>\$ 12,144</u>	<u>\$ 19,141</u>	<u>\$ 19,450</u>	<u>\$ 32,128</u>	<u>\$ 31,594</u>	1.69%

The Village's net position is composed of capital assets, restricted and unrestricted net position. At April 30, 2013, net position invested in capital assets net of related debt comprised 70.3% of net position and reflects the Village's investments in capital assets and infrastructure (for example, land, streets, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. 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.

A smaller portion of the Village's net position, 4.2% represents resources that are subject to external restrictions. The remaining 25.5% of net position, approximately \$8.2 million, represents unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors.

Net position for Village governmental activities increased by \$843,276 in the current fiscal year. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations without constraints, equaled \$4,104,954 at the end of fiscal year 2013.

Restricted net position for governmental activities equaled \$224,431, and net capital assets and infrastructure net of related debt equaled \$8,657,595 at the end of fiscal year 2013.

Net position of business-type activities decreased by \$309,654 in fiscal year 2013. Net position for business-type activities included \$1,109,943 of restricted net position, \$4,097,132 of unrestricted net position and \$13,933,540 in capital assets and infrastructure net of related debt.

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

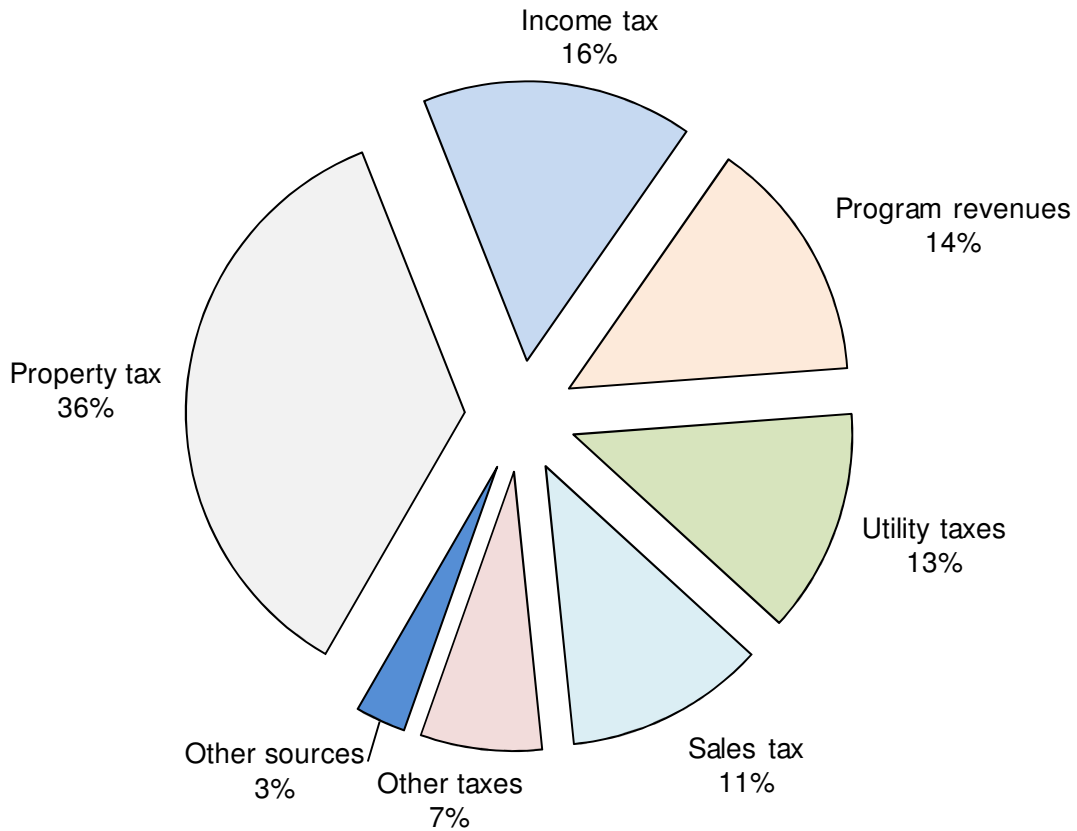
	Governmental Activites		Business-Type Activities		Total		Percent Change
	2013	2012	2013	2012	2013	2012	
Revenues							
Program revenues:							
Charges for services	\$ 768	\$ 748	\$ 1,849	\$ 1,694	\$ 2,617	\$ 2,442	7.17%
Operating grants/contributions	24	37	-	-	24	37	-35.14%
Capital grants	38	75	-	-	38	75	-49.33%
General revenues:							
Property taxes	2,093	2,060	-	-	2,093	2,060	1.60%
Sales taxes	681	544	-	-	681	544	25.18%
Other taxes	2,094	1,790	-	-	2,094	1,790	16.98%
Interest income	5	4	5	4	10	8	25.00%
Impact fees	10	10	-	-	10	10	0.00%
Gain (loss) on asset disposal	9	-	1	-	10	-	100.00%
Other general revenues	147	142	175	111	322	253	27.27%
Total revenues	<u>5,869</u>	<u>5,410</u>	<u>2,030</u>	<u>1,809</u>	<u>7,899</u>	<u>7,219</u>	9.42%
Program expenses:							
General government	534	494	-	-	534	494	8.10%
Police department	2,818	2,580	-	-	2,818	2,580	9.22%
Streets	979	916	-	-	979	916	6.88%
Building and grounds	530	402	-	-	530	402	31.84%
Mansion	148	185	-	-	148	185	-20.00%
Debt service	17	18	-	-	17	18	-5.56%
Water and sewer	-	-	2,340	2,069	2,340	2,069	13.10%
Total expenses	<u>5,026</u>	<u>4,595</u>	<u>2,340</u>	<u>2,069</u>	<u>7,366</u>	<u>6,664</u>	10.53%
Increase (decrease) in net assets	843	815	(310)	(260)	533	555	-3.96%
Net position - beginning of year	12,144	11,329	19,450	19,710	31,594	31,039	1.79%
Net position - end of year	<u>\$ 12,987</u>	<u>\$ 12,144</u>	<u>\$ 19,140</u>	<u>\$ 19,450</u>	<u>\$ 32,127</u>	<u>\$ 31,594</u>	1.69%

In the current fiscal year, total Village revenues from all programs and services were approximately \$7.9 million and exceeded total expenses of \$7.4 million by \$532,529. Net position increased by \$843,276 for governmental activities while business-type activities net position decreased by \$309,654 for the fiscal year ended April 30, 2013.

Governmental Activities

Program revenues (amounts charged to residents for programs plus grants) for governmental activities totaled \$830,226. General receipts totaled \$4,904,728. The cost of all programs and services was \$5,026,419. The following graph depicts the major revenue sources of the Village for the year ended April 30, 2013.

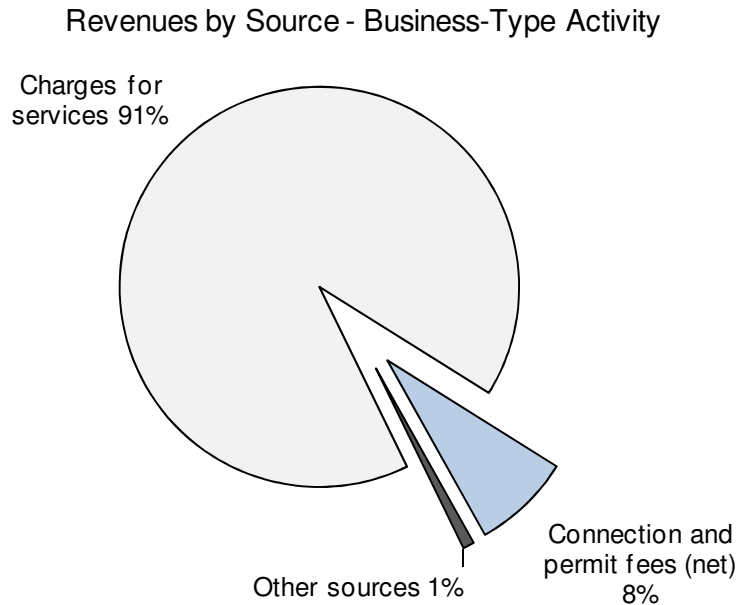
Revenues by Source - Governmental Activities



Program revenues include items such as vehicle stickers, building permits, mansion rent, fines, and grants. Income tax is the portion of state income tax that the State of Illinois distributes to the Village on a per capita basis. Utility taxes are a simplified municipal telecommunications tax, gas utilities tax and electric utilities tax. Other taxes include intergovernmental taxes such as motor fuel tax and other miscellaneous taxes that are distributed to local governments by the State of Illinois.

Business-Type Activities

Revenues supporting the Village's Business-Type Activity (Water and Sewer Fund) equaled \$2,029,907 while expenses for those activities equaled \$2,339,561 and exceeded revenues by \$309,654.



Charges for services include amounts users of the system paid for their water and sewer usage. Connection and permit fees are amounts received from new customer connections to the system.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The financial performance for the Village is reflected in the "Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis" which appears as Exhibit E in this report.

General Fund receipts and transfers exceeded disbursements by \$816,850, leaving a fund balance of \$4,155,483.

Motor Fuel Tax fund disbursements exceeded receipts by \$123,459, leaving a fund balance of \$44,759.

As reported in Exhibit H, Water and Sewer Fund expenditures exceeded revenues by \$309,654, leaving an ending net position of \$19,140,615.

BUDGETARY HIGHLIGHTS

General Fund receipts of \$5,599,435 were less than budgeted receipts of \$5,980,432 due to the accumulation account transfers line item; while disbursements of \$4,779,660 were less than budgeted disbursements of \$6,182,937 due to lower capital expenditures.

Motor Fuel Tax Fund receipts slightly exceeded budget, while disbursements slightly exceeded budget.

The current year working budget was not amended during the year.

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, 2013 was \$27,186,354 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, park facilities, and related infrastructure like streets and sidewalks. The following schedule presents the capital assets less accumulated depreciation.

Table 3
Fiscal Year Ended April 30, 2013
(in thousands)

	Governmental Activities	Business- Type Activities	Total
Construction in progress	\$ -	\$ 248	\$ 248
Land	3,405	-	3,405
Buildings and improvements	2,737	2,006	4,743
Land improvements	1,082	7	1,089
Furniture and office equipment	34	-	34
Vehicles and equipment	563	92	655
Infrastructure	1,278	15,734	17,012
Totals	\$ 9,099	\$ 18,087	\$ 27,186

The Village expended \$266,497 for water and sewer system improvements of which \$248,347 was not completed at April 30, 2013. Governmental funds expended \$47,476 on police vehicles and equipment, \$114,358 on street equipment, \$26,911 on building and grounds equipment, \$155,317 for the mansion tent, \$10,837 for computer equipment and \$376,046 for street improvements.

Debt

On April 30, 2013, the Village had one debt certificate issue, one general obligation bond, one note payable and one installment loan outstanding. The general obligation debt certificate was used to finance the remodeling of the Lehmann Mansion and has an outstanding balance of \$345,000. The installment loan has a balance of \$96,391 and was used to purchase a truck for the street department. The general obligation bond has a balance of \$3,660,000 was used to finance the expansion and improvements of the Village's waterworks system. The note payable which has a balance of \$493,828 is an IEPA note which funded a major sewer system rehabilitation project. Detailed debt information is provided at Note F to the financial statements. The Village's outstanding debt is as follows:

Table 4
Outstanding Debt
Fiscal Year Ended April 30, 2013

	Governmental Activities	Business-Type Activities	Total
Debt certificate - mansion	\$ 345,000	\$ -	\$ 345,000
Installment loan - truck	96,391	-	96,391
GO bond - waterworks	-	3,660,000	3,660,000
IEPA note payable - sewer	-	493,828	493,828
Total debt	\$ 441,391	\$ 4,153,828	\$ 4,595,219

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village considered many factors when setting the fiscal year 2013-2014 budgets. Those factors included expected property tax revenues, income and utility tax revenues, projected operating expenses and capital outlay projects. Additional details regarding the budget are as follows:

- The General Fund 2013-2014 budgeted fund surplus of \$15,062 includes street improvement projects of \$378,000, and a Route 83 Bike Path Underpass project of \$400,000. The General Fund budget also includes the costs of providing services such as police protection, park maintenance, snowplowing, and leaf/branch pickup.
- The Motor Fuel Tax Fund 2013-2014 budgeted surplus of \$115,854 will be accumulated for future projects.
- The Water and Sewer Operating Fund 2013-2014 budgeted fund surplus of \$5,725 includes water main replacement projects estimated to cost \$410,000, sewer liftstation refurbishing of \$150,000 as well as routine system maintenance programs. The Water and Sewer Operating Fund budget also includes engineering for the Lake Michigan Water Project.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 4,241,052	\$ 4,066,595	\$ 8,307,647
Cash and investments - restricted	183,118	1,109,943	1,293,061
Internal balances	(62,186)	62,186	-
Due from fiduciary funds	98,994	-	98,994
Other receivables	1,960	3,814	5,774
Capital assets:			
Construction in progress	-	248,347	248,347
Land	3,404,635	-	3,404,635
Buildings and improvements	3,838,906	2,244,382	6,083,288
Land improvements	1,762,887	15,980	1,778,867
Furniture and office equipment	121,987	19,612	141,599
Vehicles and equipment	1,900,408	243,419	2,143,827
Infrastructure	1,661,965	23,653,531	25,315,496
Accumulated depreciation	(3,591,802)	(8,337,903)	(11,929,705)
Net capital assets	<u>9,098,986</u>	<u>18,087,368</u>	<u>27,186,354</u>
Total assets	<u>13,561,924</u>	<u>23,329,906</u>	<u>36,891,830</u>
LIABILITIES			
Escrow deposits	-	761	761
Miscellaneous liabilities	92,909	10,253	103,162
Due to other governments	12,401	22,606	35,007
Due to fiduciary funds	28,243	1,843	30,086
Current portion of long term debt	135,697	251,425	387,122
Noncurrent liabilities:			
Bond, note and debt certificate payable	<u>305,694</u>	<u>3,902,403</u>	<u>4,208,097</u>
Total liabilities	<u>574,944</u>	<u>4,189,291</u>	<u>4,764,235</u>
NET POSITION			
Invested in capital assets, net of related debt	8,657,595	13,933,540	22,591,135
Restricted for:			
General government	224,431	-	224,431
Debt service	-	1,109,943	1,109,943
Unrestricted	<u>4,104,954</u>	<u>4,097,132</u>	<u>8,202,086</u>
Total net position	<u>\$ 12,986,980</u>	<u>\$ 19,140,615</u>	<u>\$ 32,127,595</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2013

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 534,291	\$ 186,606	\$ 2,300	\$ -	\$ (345,385)	\$ -	\$ (345,385)
Police department	2,818,240	297,766	12,671	37,912	(2,469,891)	-	(2,469,891)
Streets	979,404	-	-	9,250	(970,154)	-	(970,154)
Buildings and grounds	529,953	163,364	-	-	(366,589)	-	(366,589)
Mansion	147,586	120,357	-	-	(27,229)	-	(27,229)
Interest on debt service	16,945	-	-	-	(16,945)	-	(16,945)
Total governmental activities	<u>5,026,419</u>	<u>768,093</u>	<u>14,971</u>	<u>47,162</u>	<u>(4,196,193)</u>	<u>-</u>	<u>(4,196,193)</u>
Business-type activities							
Water and sewer	<u>2,339,561</u>	<u>1,849,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(490,158)</u>	<u>(490,158)</u>
Total business-type activities	<u>2,339,561</u>	<u>1,849,403</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(490,158)</u>	<u>(490,158)</u>
Total government	<u>\$ 7,365,980</u>	<u>\$ 2,617,496</u>	<u>\$ 14,971</u>	<u>\$ 47,162</u>	<u>(4,196,193)</u>	<u>(490,158)</u>	<u>(4,686,351)</u>
General receipts:							
Local taxes					3,674,444	-	3,674,444
Intergovernmental revenue					1,193,812	-	1,193,812
Impact fees					10,200	-	10,200
Cable franchise fees					134,741	-	134,741
Investment income					4,757	4,532	9,289
Miscellaneous					11,828	13,355	25,183
Gain on sale of assets					9,687	670	10,357
Connection and permit fees					-	161,947	161,947
Total general receipts					<u>5,039,469</u>	<u>180,504</u>	<u>5,219,973</u>
Changes in net position					843,276	(309,654)	533,622
Net position - beginning of year					12,143,704	19,450,269	31,593,973
Net position - end of year					<u>\$ 12,986,980</u>	<u>\$ 19,140,615</u>	<u>\$ 32,127,595</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
BALANCE SHEET - CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2013

	General	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Total
ASSETS				
Cash and investments	\$ 3,555,632	\$ -	\$ -	\$ 3,555,632
Cash and investments - restricted	50,529	20,500	129,143	200,172
Cash and investments - committed	668,366	-	-	668,366
Other receivables	1,959	-	-	1,959
Due from other funds	117,542	24,259	-	141,801
Total assets	\$ 4,394,028	\$ 44,759	\$ 129,143	\$ 4,567,930
LIABILITIES AND FUND BALANCES				
Miscellaneous liabilities	\$ 92,909	\$ -	\$ -	\$ 92,909
Due to other governments	12,401	-	-	12,401
Due to other funds	133,235	-	-	133,235
Total current liabilities	238,545	-	-	238,545
FUND BALANCES				
Restricted (Note H)	48,960	44,759	130,738	224,457
Committed (Note H)	668,366	-	-	668,366
Assigned (Note H)	481,718	-	-	481,718
Unassigned	2,956,439	-	(1,595)	2,954,844
Total fund balances	4,155,483	44,759	129,143	4,329,385
Total liabilities and fund balances	\$ 4,394,028	\$ 44,759	\$ 129,143	\$ 4,567,930

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

VILLAGE OF LAKE VILLA, ILLINOIS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET - CASH BASIS
 TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 GOVERNMENTAL ACTIVITIES
 APRIL 30, 2013

Total governmental fund balances	\$ 4,329,385
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	9,098,986
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Due within one year	(135,697)
Due in more than one year	<u>(305,694)</u>
Net position of governmental activities	<u>\$ 12,986,980</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2013

	General	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
RECEIPTS				
Local taxes	\$ 3,674,444	\$ -	\$ -	\$ 3,674,444
Intergovernmental revenue	934,320	259,492	-	1,193,812
Licenses and permits	286,026	-	-	286,026
Fines	228,091	-	-	228,091
Rent and parking fees	183,851	-	-	183,851
Cable franchise fees	134,741	-	-	134,741
School resource officer fees	67,668	-	-	67,668
Grant revenue	59,833	-	-	59,833
Investment income	3,676	963	118	4,757
Miscellaneous	26,785	-	-	26,785
Total receipts	<u>5,599,435</u>	<u>260,455</u>	<u>118</u>	<u>5,860,008</u>
DISBURSEMENTS				
General government	532,123	-	-	532,123
Police department	2,786,900	-	-	2,786,900
Streets	755,395	85,688	-	841,083
Buildings and grounds	421,744	-	-	421,744
Mansion	31,402	-	-	31,402
Capital expenditures	239,654	298,226	-	537,880
Debt service	12,442	-	119,948	132,390
Total disbursements	<u>4,779,660</u>	<u>383,914</u>	<u>119,948</u>	<u>5,283,522</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>819,775</u>	<u>(123,459)</u>	<u>(119,830)</u>	<u>576,486</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bank loan	106,836	-	-	106,836
Proceeds from sale of assets	9,687	-	-	9,687
Transfers in	-	-	119,448	119,448
Transfers out	(119,448)	-	-	(119,448)
Total other financing sources (uses)	<u>(2,925)</u>	<u>-</u>	<u>119,448</u>	<u>116,523</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER USES	816,850	(123,459)	(382)	693,009
FUND BALANCE - Beginning of year	<u>3,338,633</u>	<u>168,218</u>	<u>129,525</u>	<u>3,636,376</u>
FUND BALANCE - Ending of year	<u>\$ 4,155,483</u>	<u>\$ 44,759</u>	<u>\$ 129,143</u>	<u>\$ 4,329,385</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
 RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCES - CASH BASIS - TO THE STATEMENT OF ACTIVITIES -
 MODIFIED CASH BASIS - GOVERNMENTAL ACTIVITIES
 YEAR ENDED APRIL 30, 2013

Net change in fund balances - total governmental funds	\$	693,009
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Amounts reported for governmental activities in the
 Statement of Activities are different because:

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

Capital outlay		537,880
Depreciation expense		(396,222)
Cost of property disposed net of depreciation		-

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

Debt issued		(106,836)
Repayment of principal		115,445
		115,445

Changes in net position of governmental activities	\$	843,276
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
APRIL 30, 2013

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and investments	\$ 4,066,595
Cash and investments - restricted	1,109,943
Due from other funds	80,733
Other receivables	3,814
Capital assets:	
Construction in progress	248,347
Land	-
Land improvements	15,980
Water system	11,648,539
Sewer system	12,004,992
Building	2,244,382
Vehicles and equipment	243,419
Office equipment	19,612
Accumulated depreciation	<u>(8,337,903)</u>
Net capital assets	<u>18,087,368</u>
Total assets	<u>23,348,453</u>
LIABILITIES	
Current liabilities:	
Miscellaneous payables	10,253
Deposits and escrows	761
Due to other governments	22,606
Due to other funds	20,390
Current portion of long term debt	251,425
Noncurrent liabilities:	
Bond and note payable	<u>3,902,403</u>
Total liabilities	<u>4,207,838</u>
NET POSITION	
Invested in capital assets, net of related debt	13,933,540
Restricted	1,109,943
Designated	3,661,342
Unrestricted	435,790
Total net position	<u>\$ 19,140,615</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF RECEIPTS, EXPENSES AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2013

OPERATING RECEIPTS	
Water customer sales	\$ 699,041
Sewer customer sales	1,138,897
Meter sales	11,465
Total operating receipts	<u>1,849,403</u>
OPERATING EXPENSES	
Water	
Clerical - water	23,548
Salary-water	122,270
Overtime	6,648
Health and life insurance	29,385
IMRF - employer contribution	13,813
Social security	11,339
Uniform allowance	1,326
Training/travel	698
Auditor	2,617
Engineering-water	20,923
Legal fees	3,162
Maintenance - vehicles	3,565
Automotive fuel/oil	11,309
Supplies - vehicles	4,433
Maintenance-water system	54,640
Gas heat-well houses	2,373
Electric-wells	79,387
Meters - parts and repairs	18,361
Supplies - water	25,975
JULIE locates	1,795
Telephone	2,896
Printing/billing	7,223
Liability insurance	32,213
Office supplies	6,945
Computer - service and maintenance	5,363
Depreciation expense	282,141
Total water expenses	<u>774,348</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF RECEIPTS, EXPENSES AND CHANGES IN NET POSITION-
MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2013

OPERATING EXPENSES (continued)

Sewer	
Clerical-sewer	23,548
Salary-sewer	100,743
Overtime	5,739
Health and life insurance	25,252
IMRF - employer contribution	13,462
Social security	9,650
Uniform allowance	499
Training/travel	372
Auditor	2,617
Engineering-sewer	-
Legal fees	2,490
Maintenance - vehicles	3,565
Automotive fuel/oil	11,086
Supplies-vehicles	4,427
Maintenance-sewer system	147,654
County charges	683,657
Gas heat-sewer	5,403
Electric - sewer	34,108
Meters - parts and repairs	18,360
Supplies - sewer	37,243
Telephone	1,524
Printing/billing	7,222
Liability insurance	4,625
Office supplies	6,091
Computer-service and maintenance	5,363
Depreciation expense	248,142
Total sewer disbursements	<u>1,402,842</u>
 Total operating expenses	 <u>2,177,190</u>
 Income (loss) from operations	 <u>(327,787)</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF RECEIPTS, EXPENSES AND CHANGES IN NET POSITION-
MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2013

NONOPERATING RECEIPTS (EXPENSES)	
Connection fees	157,747
Inspection fees	4,200
Interest received	4,532
Interest expense	(162,371)
Gain on disposal of assets	670
Miscellaneous revenue	13,355
Total nonoperating receipts (expenses)	<u>18,133</u>
INCOME (LOSS)	(309,654)
NET POSITION - Beginning of year	<u>19,450,269</u>
NET POSITION - End of year	<u>\$ 19,140,615</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2013

	<u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 1,849,333
Cash paid to suppliers for goods and services	(1,364,411)
Cash payments to employees for services	(282,496)
Other operating revenues	-
	<hr/>
Net cash provided (used) by operating activities	202,426
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Repayment of interfund loan	(88,267)
Repayment of interfund equipment loan	-
	<hr/>
Net cash provided (used) by noncapital financing activities	(88,267)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(266,497)
Debt service payments	(407,390)
Connection fees and other nonoperating receipts	175,972
	<hr/>
Net cash provided (used) by capital and related financing activities	(497,915)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	4,532
	<hr/>
Net cash provided (used) by investing activities	4,532
	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(379,224)
CASH AND CASH EQUIVALENTS:	
Beginning of year	5,555,762
End of year	<u><u>\$ 5,176,538</u></u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2013

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (327,787)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	530,283
Increase (decrease) due to:	
Other receivables	(70)
Net cash provided (used) by operating activities	<u>\$ 202,426</u>
RECONCILIATION OF ENDING CASH AND CASH EQUIVALENTS TO CASH AND INVESTMENTS:	
Ending cash and cash equivalents	\$ 4,066,595
Ending cash and cash equivalents - restricted	1,109,943
Total	<u>\$ 5,176,538</u>

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

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
APRIL 30, 2013

	<u>Pension Trust Fund</u>	<u>Agency Fund Developer Escrow Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 3,496,727	\$ 935,072	\$ 4,431,799
Due from contractors	-	33,116	33,116
Due from employee	22	-	22
Due from other funds	-	30,086	30,086
Total assets	<u>3,496,749</u>	<u>998,274</u>	<u>4,495,023</u>
LIABILITIES			
Escrow deposits	-	998,274	998,274
Due to other funds	<u>98,994</u>	-	<u>98,994</u>
Total liabilities	<u>98,994</u>	<u>998,274</u>	<u>1,097,268</u>
NET POSITION			
Net position held in trust for pension benefits	<u>3,397,755</u>	-	<u>3,397,755</u>
Total net position	<u>\$ 3,397,755</u>	<u>\$ -</u>	<u>\$ 3,397,755</u>

The accompanying notes are an integral part of these financial statements

VILLAGE OF LAKE VILLA, ILLINOIS
STATEMENT OF CHANGES IN NET POSITION
MODIFIED CASH BASIS
FIDUCIARY FUND
YEAR ENDED APRIL 30, 2013

	Police Pension Fund
ADDITIONS	
Contributions	
Employer	\$ 545,009
Plan members	112,202
Total contributions	657,211
Investment Income	
Dividends and interest	44,351
Realized gain (loss) on investment	(1,338)
Unrealized gain on investment	107,086
Total additions	807,310
DEDUCTIONS	
Retirement benefits	318,514
Administrative expenses	17,022
Total deductions	335,536
NET INCREASE	471,774
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
NET POSITION - Beginning of Year	2,925,981
NET POSITION - End of Year	\$ 3,397,755

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Lake Villa, Illinois is a primary government as defined by Governmental Accounting Standards Board (GASB) Statement No.14. The Village operates under a Mayor/Board of Trustees form of government. The Village's major operations include police, streets, building and grounds, mansion, water and sewer services and general governmental services.

1. Reporting Entity

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

Primary Government: Village of Lake Villa

Blended Component Unit: Police Pension Employees Retirement System

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

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

Blended Component Unit - Police Pension Employees Retirement System

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

2. Basis of Presentation

Government-Wide Statements

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

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The Village does not allocate indirect costs.

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

Fund Financial Statements

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

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

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

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

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

Governmental Funds

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

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

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

3. Measurement Focus and Basis of Accounting

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

In the government-wide Statement of Net position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

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

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

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

Basis of Accounting

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

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

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

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Assets, Liabilities, and Net position or Equity

Cash and Investments

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

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

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Restricted Assets

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

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 and have an estimated useful life of more than two years. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Compensated Absences

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

Long-term Obligations

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

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

Net Position/Fund Balance Classifications

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

Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position—Consists of net position with constraints placed on their use by either: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted net position—All other net position that do not meet the definition of “restricted” or “Invested in capital assets, net of related debt.”

In the fund financial statements, beginning with fiscal year 2012, the Village implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in nonspendable form (such as inventory and prepaids) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e. Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the Village takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the Village intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the Village’s governmental funds have been restated to reflect the above classifications.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. The authority of the assigned fund balance has been retained by the Board of Trustees.

5. Budgetary Information

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

Public hearings are conducted to obtain taxpayer comments.

The budget is legally enacted through passage of an ordinance. The budget, which was not amended, was passed on July 11, 2012.

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

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE B — DEPOSITS AND INVESTMENTS

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

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

Deposits

Governmental Funds

Custodial Credit Risk. Custodial credit risk is the risk than in the event of a bank failure, the Village's deposits may not be returned to it. The Village's custodial risk policy requires that deposits in excess of FDIC limits be secured by some form of collateral or insurance to protect public deposits in a single institution. As of April 30, 2013 the Village's bank balance of \$3,034,110 was covered by FDIC insurance in the amount of \$1,927,941. \$1,096,481 was collateralized with securities held by the financial institution's agent in the Village's name. \$9,688 of deposits was uncollateralized.

Investments

As of April 30, 2013, the Village had the following investments and maturities:

Investment Type	Total Fair Value	Investment Maturities (in Years)		
		< 1	1 - 5	5-10
Money Markets	\$ 1,571,089	\$ 1,571,089	\$ -	\$ -
Certificates of Deposit	1,468,870	1,468,870	-	-
Illinois Funds Money Market	9,115,921	9,115,921	-	-
Mutual Funds	1,050,767	1,050,767	-	-
Fixed Income Securities	824,860	146,078	541,596	137,186
Total Investments	<u>\$ 14,031,507</u>	<u>\$ 13,352,725</u>	<u>\$ 541,596</u>	<u>\$ 137,186</u>

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

Credit Risk. The Village's investment in Illinois Funds Investment Pool were rated AAAm by Standard and Poor's. The Illinois Funds can only make investments as permitted by the Illinois Compiled Statutes.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE B — DEPOSITS AND INVESTMENTS (continued)

Reconciliation to Government-Wide Statement of Net position

Statement of Net Position		
Cash and investments		\$ 9,242,719
Restricted cash and investments		1,293,061
		<u>\$ 10,535,780</u>
	<u>Bank</u>	<u>Carrying</u>
	Balance	Value
Deposits and Investments		
Petty cash	\$ -	\$ 1,000
Money market accounts	1,564,991	1,571,089
Certificates of deposit	<u>1,469,119</u>	<u>1,468,870</u>
	3,034,110	3,040,959
Illinois Funds Investment Pool	9,115,921	9,115,921
Mutual funds and fixed income securities	<u>1,875,627</u>	<u>1,875,627</u>
Total	<u>\$ 14,025,658</u>	14,032,507
Less: Fiduciary fund deposits and investments		<u>(3,496,727)</u>
		<u>\$ 10,535,780</u>

NOTE C – PROPERTY TAX REVENUE

Property taxes are levied each year on taxable real property located in the Village on or after the last Tuesday in December. Property taxes attach as an enforceable lien on property as of January 1 and are payable to the County in two installments on June 1 and September 1 of the year following the levy year. Distributions are made to the Village shortly thereafter. The 2012 levy was adopted by the Village in December 2012. The 2011 levy is reflected in current year receipts.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE D- CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets - not being depreciated				
Construction in progress	\$ 239,235	\$ 150,701	\$ 389,936	\$ -
Land	3,404,635	-	-	3,404,635
	<u>3,643,870</u>	<u>150,701</u>	<u>389,936</u>	<u>3,404,635</u>
Other capital assets				
Buildings and improvements	3,838,906	-	-	3,838,906
Land improvements	1,762,887	-	-	1,762,887
Furniture and office equipment	121,987	-	-	121,987
Vehicles and equipment	1,804,572	161,834	65,998	1,900,408
Infrastructure	1,046,684	615,281	-	1,661,965
	<u>8,575,036</u>	<u>777,115</u>	<u>65,998</u>	<u>9,286,153</u>
Less accumulated depreciation				
Buildings	981,724	120,118	-	1,101,842
Land improvements	607,180	73,735	-	680,915
Furniture and office equipment	79,344	8,416	-	87,760
Vehicles and equipment	1,300,814	102,425	65,998	1,337,241
Infrastructure	292,516	91,528	-	384,044
	<u>3,261,578</u>	<u>396,222</u>	<u>65,998</u>	<u>3,591,802</u>
Net other capital assets	<u>5,313,458</u>	<u>380,893</u>	<u>-</u>	<u>5,694,351</u>
Net capital assets	<u>\$ 8,957,328</u>	<u>\$ 531,594</u>	<u>\$ 389,936</u>	<u>\$ 9,098,986</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 2,168
Police department	31,340
Streets	138,321
Mansion	116,184
Building and grounds	108,209
	<u>\$ 396,222</u>

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE D- CAPITAL ASSETS (continued)

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets-not being depreciated				
Construction in progress	\$ -	\$ 248,347	\$ -	\$ 248,347
Land	-	-	-	-
	<u>-</u>	<u>248,347</u>	<u>-</u>	<u>248,347</u>
Other capital assets				
Buildings	2,244,382	-	-	2,244,382
Land improvements	15,980	-	-	15,980
Furniture and office equipment	19,612	-	-	19,612
Infrastructure	23,635,381	18,150	-	23,653,531
Vehicles and equipment	254,419	-	11,000	243,419
	<u>26,169,774</u>	<u>18,150</u>	<u>11,000</u>	<u>26,176,924</u>
Less accumulated depreciation				
Buildings	192,401	45,401	-	237,802
Land improvements	7,768	1,332	-	9,100
Furniture and office equipment	19,612	-	-	19,612
Infrastructure	7,452,110	467,740	-	7,919,850
Vehicles and equipment	146,729	15,810	11,000	151,539
	<u>7,818,620</u>	<u>530,283</u>	<u>11,000</u>	<u>8,337,903</u>
Net other capital assets	<u>18,351,154</u>	<u>(512,133)</u>	<u>-</u>	<u>17,839,021</u>
Net capital assets	<u>\$ 18,351,154</u>	<u>\$ (263,786)</u>	<u>\$ -</u>	<u>\$ 18,087,368</u>

Depreciation expense was charged to business type activities as follows:

Water operations	\$ 282,141
Sewer operations	248,142
	<u>\$ 530,283</u>

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE E – INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at April 30, 2013 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 117,542	\$ 133,235
Agency Fund	30,086	-
Motor Fuel Tax Fund	24,259	-
Police Pension Fund	-	98,994
Water and Sewer Fund	80,733	20,391
	\$ 252,620	\$ 252,620

In October 2011, the General Fund borrowed \$80,733 from the Water and Sewer Fund for the purchase of a wheel loader. The interfund loan is to be repaid over a period of 3 years bearing an interest rate of 2.5%, and calls for annual payments of \$28,268. No payments were made during the current fiscal year. The balance remaining at April 30, 2013 is \$80,733.

Interfund transfers for the year ended April 30, 2013 were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 119,448
Debt Certificate Project Fund	119,448	-
	\$ 119,448	\$ 119,448

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year, the Village made a transfer of \$119,448 from the general fund to the Debt Certificate Project Fund to pay for debt service on the General Obligation Bond.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE F – LONG-TERM DEBT

The following is a summary of long-term liability transactions for the year ended April 30, 2013.

	Beginning Balance	Additions	Deductions	Ending Balance	Due within one year
Governmental activities					
GO Tax Certificates	\$ 450,000	\$ -	\$ (105,000)	\$ 345,000	\$ 110,000
Installment loan	-	106,836	(10,445)	96,391	25,697
Total governmental activities	<u>450,000</u>	<u>106,836</u>	<u>(115,445)</u>	<u>441,391</u>	<u>135,697</u>
Business-type activities					
GO Bonds	3,850,000	-	(190,000)	3,660,000	195,000
IEPA Loan	548,848	-	(55,020)	493,828	56,425
Total business-type activities	<u>4,398,848</u>	<u>-</u>	<u>(245,020)</u>	<u>4,153,828</u>	<u>251,425</u>
Total government	<u>\$ 4,848,848</u>	<u>\$ 106,836</u>	<u>\$ (360,465)</u>	<u>\$ 4,595,219</u>	<u>\$ 387,122</u>

General obligation tax certificates – Lehmann Mansion

General obligation limited tax debt certificates, Series 2004 in the amount of \$1,120,000 were issued by the Village in August 2004. Annual payments range from \$90,000 to \$120,000 and are due on July 1 of each year through 2015. Interest, at rates ranging from 1.45% to 3.8%, is payable July 1 and December 1 of each year. The proceeds were used to renovate the Lehmann Mansion. Repayment will be made from the General Fund. The remaining balance on this bond issue at April 30, 2013 is \$345,000.

Installment loan – Truck Loan

In October, 2012 the Village authorized the purchase of a truck for \$106,836 payable in 48 monthly installments at an interest rate of 3.5%. The loan is secured by the truck. The remaining balance on this loan at April 30, 2013 is \$96,391.

General obligation bonds (Proprietary Fund)

General obligation bonds, Series 2006 in the amount of \$4,685,000 were issued by the Village in October 2006. Annual payments range from \$155,000 to \$340,000 and are due on December 15, of each year through 2026. Interest, at rates ranging from 3.75% to 4.0%, is payable June 15 and December 15 of each year. The proceeds were to be used to improve and extend the waterworks system. Repayment will be made from the Water and Sewer Fund. The remaining balance on this bond issue at April 30, 2013 is \$3,660,000.

IEPA Loan (Proprietary Fund)

In August 2001 the Village completed a project to improve four Village lift stations. The project was financed by the Illinois Environmental Protection Agency in the amount of \$1,038,400. The loan calls for semiannual principal and interest payments of \$34,294. Interest on the loan is calculated at an annual rate of 2.535%. The loan matures in December 2020. The balance remaining on the IEPA Loan at April 30, 2013 is \$493,828.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE F – LONG-TERM DEBT (continued)

Debt Service Requirements to Maturity

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

Year Ending April 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2014	\$ 135,697	\$ 13,674	\$ 251,425	\$ 153,342	\$ 554,138
2015	141,611	8,570	262,864	144,590	557,635
2016	147,558	3,384	274,341	135,427	560,710
2017	16,525	193	280,854	125,850	423,422
2018	-	-	292,407	116,047	408,454
2019 - 2023	-	-	1,511,937	419,848	1,931,785
2024 - 2027	-	-	1,280,000	130,135	1,410,135
Total	<u>\$ 441,391</u>	<u>\$ 25,821</u>	<u>\$ 4,153,828</u>	<u>\$ 1,225,239</u>	<u>\$ 5,846,279</u>

NOTE G – OPERATING LEASES

On September 19, 2011 the Village entered into a 60-month lease for a copier in the Village office. Monthly lease payments of \$316 began October 19, 2011 and continue through September 19, 2016.

A second lease was entered into on October 31, 2011 for a term of 60-months for a copier in the police department. Monthly lease payments of \$247 began December 31, 2011 and continue through November 30, 2016.

The annual requirements to cover outstanding lease agreements at April 30, 2013 are:

<u>Year Ending April 30,</u>	<u>Total Payments</u>
2014	\$ 6,756
2015	6,756
2016	3,309
	<u>\$ 16,821</u>

For the year ended April 30, 2013 the Village expensed \$7,355 under both lease agreements.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE H – FUND EQUITY

The following table lists the fund balance classification for governmental funds as of April 30, 2013:

<u>Activity</u>	<u>Amount</u>
Restricted Fund Balance	
Motor fuel tax	\$ 44,759
Debt service	130,738
Unemployment insurance	15,485
Drug enforcement	7,834
DUI fines	25,641
Total restricted fund balance	<u>\$ 224,457</u>
Committed Fund Balance	
Park accumulations	\$ 659,383
Rose garden	8,983
Total committed fund balance	<u>\$ 668,366</u>
Assigned Fund Balance	
Squad car accumulations	\$ 25,281
Computer accumulations	32,830
Equipment accumulations	144,169
Building accumulations	90,700
Police equipment accum.	2,349
Street accumulations	186,389
Total assigned fund balance	<u>\$ 481,718</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned balances are available, the Village considers amounts to have been spent first out of committed funds, and then assigned, and finally unassigned funds, as needed, unless the Board of Trustees or the President has provided for otherwise in its commitment or assignment actions.

NOTE I – RISK MANAGEMENT

Illinois Municipal League Risk Management Association

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

VILLAGE OF LAKE VILLA, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 APRIL 30, 2013

NOTE I – RISK MANAGEMENT (continued)

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

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

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

Potential additional payments are summarized as follows for open years:

	<u>2008</u>	<u>2010</u>
Potential payment based on claims and costs through June 30, 2012	\$ 22,116	\$ 48,496
Maximum potential payment	\$ 44,032	\$ 48,496

Effective for fiscal year end April 30, 2012 the Village no longer participants in the minimum – maximum program.

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

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

NOTE J – CONTINGENT LIABILITIES

Reserve for developer recapture

The Village has entered into an agreement with a developer in which the developer has constructed certain portions of water systems at their expense. The developer is allowed to recapture certain costs of these projects as the Village collects certain fees on the lots sold in those specific developments. At April 30, 2013 the total amount subject to recapture is \$10,253.

Solid Waste Agency of Lake County

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

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE K – JOINT VENTURE

The Village is a member of the Solid Waste Agency of Lake County. 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 which the individual members would be financially liable.

The following represents a summary of the Agency’s balance sheet at November 30, 2012 and the statement of revenues and expenses for the year then ended.

Current assets	\$	2,100,266
Capital assets		1,374,089
Total assets		3,474,355
Current liabilities		86,471
Investment in capital assets		1,254,089
Restricted		120,000
Unrestricted		2,013,795
Total net position	\$	3,387,884
Revenue	\$	1,034,312
Expenditures	\$	1,108,683

November 30, 2012 is the latest date information is available. Audited financial statements of the Agency may be obtained from the Village or the Agency’s administrative office located in Gurnee, Illinois. During the current fiscal year, the Village paid \$ 0 in membership fees to the Agency.

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

NOTE L – EMPLOYEE RETIREMENT SYSTEMS – DEFINED BENEFIT PENSION PLANS

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

Illinois Municipal Retirement System

Plan Description. The Village’s defined benefit pension plan for its eligible employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is affiliated 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.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

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

Funding Policy. As set by statute, the Village’s plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the employer was 9.88 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2012 was 10.22 percent. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2012 was \$95,878.

Three-Year Trend Information for the Regular Plan			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 95,878	100%	\$ -
12/31/11	94,431	98%	2,330
12/31/10	97,142	88%	11,787

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Village’s plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between actuarial and market value of assets. The Village’s unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Village’s plan was 89.53 percent funded. The actuarial accrued liability for benefits was \$2,943,592 and the actuarial value of assets was \$2,635,406, resulting in an underfunded actuarial accrued liability (UAAL) of \$308,186. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$938,137 and the ratio of the UAAL to the covered payroll was 33 percent.

The schedule of funding progress, presented as supplemental 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.

VILLAGE OF LAKE VILLA, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 APRIL 30, 2013

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

Police Pension Plan

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

At April 30, 2013, the last valuation balance sheet available, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	9	
Current employees vested and nonvested	17	
Total	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: center;">26</td> </tr> </table>	26
26		

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap can increase each year thereafter. For valuations beginning in 2013 the salary cap is \$109,971. The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or one-half of the consumer price index. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 55 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

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

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

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

Method Used to Value Investments

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

Significant Investments

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits for the Police Pension Plan. Detailed investment information for IMRF is not available.

Related Party Transactions

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

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The pension liability was determined in accordance with GASB Statement No. 50, Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27. The pension liability for IMRF and the Police Pension Plan is as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	IMRF	Police Pension
Annual pension cost	\$ 95,878	\$ 542,025
Actual contribution	95,878	545,009
Increase (decrease) in the NPO	-	(2,984)
NPO beginning of year	14,117	(3,307)
NPO end of year	\$ 14,117	\$ (6,291)

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

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

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

	<u>IMRF</u>	<u>Police Pension</u>
Contribution rates		
Employer	10.22%	
Employee	4.50%	9.91%
Annual pension cost	\$ 95,878	\$ 542,025
Contributions made	\$ 95,878	\$ 545,009
Actuarial valuation date	12/31/2012	5/1/2011
Actuarial cost method	Entry age normal cost	
Amortization method	Level percentage of projected payroll	
Remaining amortization period	30 years	29.00205 years
Asset valuation method	5 year smoothed market	
Investment rate of return	7.50%	6.75%
Projected salary increases		
Payroll growth	NA	3.50%
Attributable to inflation	4.00%	2.00%
Additional increases	0.4 to 10.0%	1.12 to 4.86%
Post retirement benefit increases	3.00%	3.00%

Trend Information

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

	<u>Fiscal year ended</u>	<u>Illinois Municipal Retirement</u>	<u>Fiscal year ended</u>	<u>Police Pension</u>
Annual pension cost (APC)	12/31/2012	\$ 95,878	4/30/2013	\$ 542,025
	12/31/2011	94,431	4/30/2012	370,400
	12/31/2010	97,142	4/30/2011	325,613
Actual contributions	12/31/2012	\$ 95,878	4/30/2013	\$ 545,009
	12/31/2011	92,101	4/30/2012	369,374
	12/31/2010	85,355	4/30/2011	326,154
Percentage of APC Contributed	12/31/2012	100.00%	4/30/2013	100.55%
	12/31/2011	97.53%	4/30/2012	99.72%
	12/31/2010	87.87%	4/30/2011	100.17%
Cumulative Net Pension Obligation (NPO)	12/31/2012	\$ 14,117	4/30/2013	\$ (6,291)
	12/31/2011	14,117	4/30/2012	(3,307)
	12/31/2010	11,787	4/30/2011	(4,333)

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE M – SOCIAL SECURITY

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund or Police Pension Fund are considered “non-participating employees” and are covered under Social Security. The Village paid \$184,152, the total required social security contribution, for the current fiscal year.

NOTE N – DEFERRED COMPENSATION PLAN

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

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

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

NOTE O – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to providing pension benefits, the Village provides certain health care insurance benefits for retired employees. In accordance with Illinois statutes, certain of the Village’s employees may become eligible for those benefits if they reach retirement age while working for the Village. The State of Illinois requires IMRF employers who offer health insurance to their active employees to offer the same insurance to disabled members, 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 OPEB liability, if any, to be immaterial.

NOTE P – COMMITMENTS

At April 30, 2013 the Village was a member of various joint agreements. As a member, the Village assumes certain obligations with respect to the entities’ liabilities. Further information is provided in Note K.

The Village pays sewerage usage fees and collects connection fees for and remits them to the County of Lake, Illinois, in accordance with an agreement for sewerage disposal dated August 23, 1991. During the fiscal year ended April 30, 2013 the Village remitted \$683,657 to the County under the terms of this agreement. At April 30, 2013 the Village owed the County \$173,378 of sewerage usage fees.

Subsequent to year end the Village approved and paid contracts for a lift station (\$89,455); road improvements (\$306,779) and water main project (\$283,320).

VILLAGE OF LAKE VILLA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE Q – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Accounting principles require disclosures of certain information concerning individual funds including:

1. Excess of expenditures over appropriations in individual funds. There were no funds with expenditures in excess of appropriations.
2. Deficit fund balances or retained earnings of individual funds. The Debt Certificate Project Fund had a deficit fund balance of \$1,595 at April 30, 2013.

VILLAGE OF LAKE VILLA, ILLINOIS
GENERAL FUND
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - CASH BASIS
BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2013

CASH RECEIPTS	<u>Working Budget</u>	<u>Actual</u>
Local Taxes		
Real estate taxes	\$ 1,672,926	\$ 1,668,378
Real estate tax - police pension	401,574	404,558
Real estate tax - road and bridge	18,500	19,933
Sales tax	543,000	680,827
Local use tax	138,203	139,232
Video gaming tax	-	1,093
Telecommunications tax	357,000	353,357
Utility tax - gas	115,000	95,582
Utility tax - electric	281,000	311,484
Total local taxes	<u>3,527,203</u>	<u>3,674,444</u>
Intergovernmental Revenue		
State income tax	727,750	921,223
Replacement tax	10,000	13,097
Total intergovernmental revenue	<u>737,750</u>	<u>934,320</u>
Licenses and Permits		
Amusement license	2,800	3,675
Building permits	89,500	142,943
Business registration fees	5,500	5,750
Impact fees	9,000	10,200
Landscape inspection fee	750	850
Liquor license	12,300	13,250
Site development permits	6,435	17,583
Vehicle licenses	81,000	89,700
Vending license	2,350	1,650
Watershed permit	375	425
Total licenses and permits	<u>210,010</u>	<u>286,026</u>
Fines		
Court Fines	150,000	169,951
DUI fines	5,000	10,015
Parking and other fines	50,000	48,125
Total fines	<u>205,000</u>	<u>228,091</u>
Other		
Cable franchise fees	123,000	134,741
Computer fund	895	2,098
Grant revenue	388,372	59,833
Interest	5,000	3,676
Metra parking fees	40,000	33,883
Police reports	1,000	2,007
Rent - mansion	125,000	120,357
Rent - tower	26,880	29,611
School resource officer fees	79,622	67,668
Zoning books, maps and hearing fees	100	1,563
Other revenue	25,100	21,117
Accumulation account transfers	485,500	-
Total other	<u>1,300,469</u>	<u>476,554</u>
Total cash receipts	<u>5,980,432</u>	<u>5,599,435</u>

VILLAGE OF LAKE VILLA, ILLINOIS
GENERAL FUND
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - CASH BASIS
BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2013

	<u>Working Budget</u>	<u>Actual</u>
CASH DISBURSEMENTS		
Administrative		
Salary - clerical	159,922	133,821
Salary - treasurer	90,904	94,979
Overtime	-	240
Salary - village clerk	4,100	3,900
Salary - mayor and trustees	26,000	26,020
Salary - zoning and planning	3,500	-
Health and life insurance	51,968	52,338
IMRF - employer contribution	26,419	24,081
Social security	21,759	19,213
Unemployment	8,740	-
Training and travel	500	104
Auditors	5,500	5,233
Engineering	5,000	3,213
Legal fees	90,000	53,870
Planner	500	-
Update code book	8,000	-
Publishing	4,500	2,823
Printing	7,500	40
Public relations	3,000	4,187
Liability insurance	18,480	18,796
Office supplies	5,000	6,329
Computer - service and maintenance	14,000	25,396
Credit card fees	1,000	2,682
Miscellaneous expenses	20,000	55,521
Tax incentives	20,000	-
Economic development	5,000	-
Capital expenditures	141,840	-
Computer accumulation	895	(663)
Total administrative	<u>744,027</u>	<u>532,123</u>
Police		
Salary - full-time officers	1,226,805	1,160,600
Salary - police clerical	78,300	72,589
Salary - part-time officers	154,000	176,669
Mechanic	34,082	31,417
Overtime, court and range	69,000	50,009
Other pay	64,030	171
Health and life insurance	187,650	189,483
IMRF - employer contribution	10,333	9,776
Police pension	542,025	545,010
Social security	124,405	114,412
Uniform allowance	17,950	15,526
Training/travel	14,310	6,967
Range - shoot and supplies	5,040	3,774
Auditors	5,500	5,233
Legal fees/court	125,000	74,234
Dispatching	55,000	37,500
Maintenance - vehicles	16,000	7,873
Automotive fuel and oil	61,250	54,410
Supplies - vehicle	14,000	13,698

VILLAGE OF LAKE VILLA, ILLINOIS
GENERAL FUND
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - CASH BASIS
BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2013

	<u>Working Budget</u>	<u>Actual</u>
Police (continued)		
Police commissioner payroll	3,000	630
Police commission legal fees	2,500	1,098
Police commission expenses	2,500	32
Telephone	12,000	18,620
Printing	3,500	1,250
Public relations	1,000	1,525
Liability insurance	104,875	143,510
Radios - rent and repair	16,500	10,615
Office supplies	8,500	6,252
Computer - service and maintenance	25,160	22,739
Supplies	5,000	2,781
Miscellaneous	8,060	9,247
Capital expenditures	53,300	46,726
Squad accumulation	-	-
Equipment accumulation	-	-
Total police	<u>3,050,575</u>	<u>2,834,376</u>
Streets		
Salary - maintenance	232,787	234,140
Part time wages	15,000	6,881
Overtime	8,000	3,357
Health and life insurance	51,768	51,648
IMRF - employer contribution	24,954	24,586
Social security	19,568	18,139
Uniform allowance	3,000	2,451
Travel/training	1,000	350
Engineering	9,000	68,379
Maintenance vehicle	13,000	17,308
Automotive fuel and oil	55,000	39,211
Supplies - vehicle	25,000	24,712
Maintenance - streets	100,000	72,073
Maintenance - storm sewers	15,000	7,292
Maintenance - signs and lights	7,000	6,844
Maintenance - sidewalks	20,000	19,478
Electric	165,000	133,706
Supplies	20,000	22,938
Liability insurance	52,864	45,066
Capital expenditures	449,889	141,492
Debt service	18,940	12,442
Equipment accumulation	50,000	
Street light replacement accumulation	5,000	-
Total streets	<u>1,361,770</u>	<u>952,493</u>

VILLAGE OF LAKE VILLA, ILLINOIS
GENERAL FUND
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - CASH BASIS
BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2013

	<u>Working Budget</u>	<u>Actual</u>
Buildings and Grounds		
Salary - maintenance	120,413	111,694
Salary - maintenance part time	30,000	37,906
Overtime	4,000	2,812
Health and life insurance	39,895	37,962
IMRF - employer contribution	12,893	12,085
Social security	11,813	11,399
Uniform allowance	1,600	1,326
Engineering	10,000	3,500
Building inspectors	46,800	47,244
Maintenance - vehicle	2,000	557
Supplies - vehicle	7,000	8,699
Maintenance - building	65,700	38,215
Maintenance - parks	10,000	13,635
Maintenance - cable tower	2,500	-
Gas heat	1,000	918
Water and sewer	1,000	1,055
Electric	8,500	7,208
Supplies - building	10,000	18,703
Supplies - parks	25,000	26,770
Cleaning service	8,500	8,210
Telephone	9,000	12,269
Liability insurance	14,686	14,396
Loader payment	9,328	-
Capital improvements	484,022	12,703
Total buildings and grounds	<u>935,650</u>	<u>429,266</u>
Mansion		
Maintenance - building	18,000	8,058
Maintenance - grounds	10,000	4,018
Gas heat	9,000	5,540
Water and sewer	2,000	2,047
Electric	12,000	8,733
Supplies	6,000	3,006
Capital expenditures	33,915	-
Total mansion	<u>90,915</u>	<u>31,402</u>
Total disbursements	<u>6,182,937</u>	<u>4,779,660</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER CASH DISBURSEMENTS	<u>(202,505)</u>	<u>819,775</u>
OTHER SOURCES (USES)		
Proceeds from bank loan	-	106,836
Proceeds from sale of assets	-	9,687
Interfund transfer	(119,000)	(119,448)
Total other sources (uses)	<u>(119,000)</u>	<u>(2,925)</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER SOURCES OVER (UNDER) CASH DISBURSEMENTS AND OTHER (USES)	(321,505)	816,850
FUND BALANCE - beginning of year	<u>3,338,633</u>	<u>3,338,633</u>
FUND BALANCE - end of year	<u>\$ 3,017,128</u>	<u>\$ 4,155,483</u>

VILLAGE OF LAKE VILLA, ILLINOIS
 MOTOR FUEL TAX FUND
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE - CASH BASIS
 BUDGET AND ACTUAL
 YEAR ENDED APRIL 30, 2013

	<u>Working Budget</u>	<u>Actual</u>
CASH RECEIPTS		
Motor fuel tax	\$ 210,846	\$ 259,492
Interest	300	963
Total cash receipts	<u>211,146</u>	<u>260,455</u>
 CASH DISBURSEMENTS		
Maintenance - streets	270,499	283,515
Snow removal	80,000	68,253
Engineering	10,000	32,146
Total cash disbursements	<u>360,499</u>	<u>383,914</u>
 EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER DISBURSEMENTS		
	(149,353)	(123,459)
 FUND BALANCE - Beginning of Year		
	<u>168,218</u>	<u>168,218</u>
 FUND BALANCE - End of Year		
	<u>\$ 18,865</u>	<u>\$ 44,759</u>

VILLAGE OF LAKE VILLA, ILLINOIS
 COMBINING BALANCE SHEET - CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2013

	Debt Certificate Project Fund	Debt Service Reserve Fund	Total
ASSETS			
Cash and investments	\$ (1,595)	\$ 130,738	\$ 129,143
Due from other funds	-	-	-
Total assets	<u>\$ (1,595)</u>	<u>\$ 130,738</u>	<u>\$ 129,143</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for debt service	-	130,738	130,738
Unassigned	(1,595)	-	(1,595)
Total fund balances	<u>(1,595)</u>	<u>130,738</u>	<u>129,143</u>
Total liabilities and fund balances	<u>\$ (1,595)</u>	<u>\$ 130,738</u>	<u>\$ 129,143</u>

VILLAGE OF LAKE VILLA, ILLINOIS
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCES - CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2013

	<u>Debt Certificate Project Fund</u>	<u>Debt Service Reserve Fund</u>	<u>Total</u>
CASH RECEIPTS			
Investment income	<u>\$ -</u>	<u>\$ 118</u>	<u>\$ 118</u>
CASH DISBURSEMENTS			
Capital expenditures	-	-	-
Debt service	119,448	-	119,448
Miscellaneous	<u>500</u>	<u>-</u>	<u>500</u>
Total disbursements	<u>119,948</u>	<u>-</u>	<u>119,948</u>
Excess (deficiency) of cash receipts over cash disbursements	(119,948)	118	(119,830)
OTHER FINANCING SOURCES (USES)			
Transfer (to) from other funds	<u>119,448</u>	<u>-</u>	<u>119,448</u>
EXCESS (DEFICIENCY) OF CASH RECEIPTS AND OTHER SOURCES OVER (UNDER) CASH DISBURSEMENTS AND OTHER USES	(500)	118	(382)
FUND BALANCE - Beginning	<u>(1,095)</u>	<u>130,620</u>	<u>129,525</u>
FUND BALANCE - Ending	<u><u>\$ (1,595)</u></u>	<u><u>\$ 130,738</u></u>	<u><u>\$ 129,143</u></u>

VILLAGE OF LAKE VILLA, ILLINOIS
WATER AND SEWER (PROPRIETARY) FUND
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND EXPENSES -
MODIFIED CASH BASIS
YEAR ENDED APRIL 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING RECEIPTS					
Water and sewer sales	\$1,837,938	\$1,683,945	\$1,649,178	\$1,610,033	\$1,513,256
Meter sales - net	(25,256)	(19,360)	(16,780)	(42,189)	(67,100)
Total operating receipts	<u>1,812,682</u>	<u>1,664,585</u>	<u>1,632,398</u>	<u>1,567,844</u>	<u>1,446,156</u>
OPERATING DISBURSEMENTS					
Salaries	282,496	273,783	250,396	261,379	268,421
Retirement contributions	48,264	45,889	40,436	39,523	43,139
Employee benefits	56,462	63,183	49,729	50,928	48,850
Supplies	80,700	69,341	63,543	81,237	71,810
Maintenance	242,545	129,705	103,086	62,567	83,334
Engineering fees	20,923	68,841	81,501	45,846	31,546
Liability insurance	36,838	34,339	26,933	24,042	25,116
Printing and billing	14,445	15,097	21,793	11,798	10,284
Telephone	4,420	3,011	2,663	4,131	6,274
Legal and audit fees	10,886	15,375	22,885	35,828	5,758
Miscellaneous	1,795	1,409	2,839	1,670	808
Electricity	113,495	131,658	134,652	149,102	130,512
Heat - disposal plant	7,776	9,027	8,222	9,337	11,858
Depreciation	530,283	528,902	522,662	515,359	461,118
Travel and training	1,070	1,228	753	1,120	2,180
Capital expenditures	4,414	-	4,996	-	72,790
County charges	683,657	478,220	468,078	587,014	581,706
Total operating disbursements	<u>2,140,469</u>	<u>1,869,008</u>	<u>1,805,167</u>	<u>1,880,881</u>	<u>1,855,504</u>
Net operating receipts in excess of (less than) disbursements	<u>(327,787)</u>	<u>(204,423)</u>	<u>(172,769)</u>	<u>(313,037)</u>	<u>(409,348)</u>
NONOPERATING RECEIPTS (DISBURSEMENTS)					
Connection and inspection fees	161,947	101,209	74,230	83,185	71,600
Interest received	4,532	4,080	15,154	23,786	92,620
Interest expense	(162,371)	(170,490)	(178,386)	(185,876)	(192,895)
Gain on disposal of assets	670	-	-	-	-
Other income (expense)	13,355	9,980	57,866	6,622	16,464
Total nonoperating receipts	<u>18,133</u>	<u>(55,221)</u>	<u>(31,136)</u>	<u>(72,283)</u>	<u>(12,211)</u>
EXCESS OF CASH DISBURSEMENTS OVER RECEIPTS					
	<u>\$ (309,654)</u>	<u>\$ (259,644)</u>	<u>\$ (203,905)</u>	<u>\$ (385,320)</u>	<u>\$ (421,559)</u>

VILLAGE OF LAKE VILLA, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --- Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31,						
2012	\$ 2,635,406	\$ 2,943,592	\$ 308,186	89.53%	\$ 938,137	32.85%
2011	2,335,394	2,695,850	360,456	86.63%	932,195	38.67%
2010	2,170,934	2,480,605	309,671	87.52%	950,505	32.58%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$2,699,534.
On a market basis the funded ratio would be 91.71%.

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

VILLAGE OF LAKE VILLA, ILLINOIS
 POLICE PENSION FUND
 SCHEDULE OF FUNDING PROGRESS
 APRIL 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --- Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)
May 1, 2012	N/C	N/C	N/C	N/C
2011	\$ 2,870,865	\$ 7,757,365	\$ 4,886,500	37.01%
2010	N/C	N/C	N/C	N/C

N/C = Not calculated, no actuary valuation prepared.

VILLAGE OF LAKE VILLA, ILLINOIS
 ASSESSED VALUATIONS, RATES, EXTENSIONS, AND COLLECTIONS
 APRIL 30, 2013

Levy Year	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSESSED VALUATIONS	<u>\$213,272,134</u>	<u>\$229,369,558</u>	<u>\$243,741,488</u>	<u>\$257,106,604</u>
TAX RATES (Per \$100 A.V.)				
Corporate	0.287	0.297	0.275	0.257
Police protection	0.251	0.260	0.245	0.228
Tort & liability insurance	0.046	0.027	0.026	0.022
Municipal retirement	0.029	0.024	0.023	0.018
Unemployment insurance	0.003	0.001	0.001	0.002
Audit	0.005	0.001	0.001	0.002
Social security	0.043	0.027	0.025	0.022
Street and bridge	0.091	0.091	0.092	0.092
Police pension	0.255	0.176	0.152	0.127
	<u>1.010</u>	<u>0.904</u>	<u>0.840</u>	<u>0.770</u>
TAX EXTENSIONS				
Corporate	\$ 612,091	\$ 681,227	\$ 670,289	\$ 660,764
Police protection	535,313	596,361	597,167	586,203
Tort and liability insurance	98,105	61,930	63,373	56,563
Municipal retirement	61,849	55,049	56,061	46,279
Unemployment insurance	6,398	2,294	2,437	5,142
Audit	10,664	2,294	2,437	5,142
Social security	91,707	61,930	60,935	56,564
Street and bridge	194,078	208,726	224,242	236,538
Police pension	543,844	403,690	370,487	326,526
	<u>\$ 2,154,049</u>	<u>\$ 2,073,501</u>	<u>\$ 2,047,428</u>	<u>\$ 1,979,721</u>
COLLECTIONS	<u>(1)</u>	<u>\$ 2,072,936</u>	<u>\$ 2,041,278</u>	<u>\$ 1,977,529</u>
PERCENT COLLECTED	<u>(1)</u>	<u>99.97%</u>	<u>99.70%</u>	<u>99.89%</u>

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