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

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30, 2020

eder, casella & co

VILLAGE OF LAKE VILLA
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INDEPENDENT AUDITOR'S REPORT

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

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

Village of Lake Villa

as of and for the year ended April 30, 2020, 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 described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Lake Villa as of April 30, 2020, and the respective changes in financial position-modified cash basis and, where applicable, cash flows thereof for the year then ended on the basis of accounting described in Note 1.

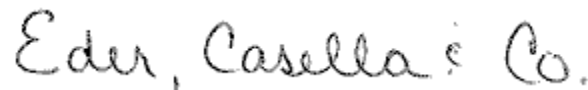
Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as listed in the table of contents, which is the responsibility of management, is 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 in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
December 10, 2020

SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE VILLA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Village of Lake Villa (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at April 30, 2020 by \$35,587,700 (net position). Of this amount, \$7,361,033 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$719,496.
- At April 30, 2020, the Village's governmental funds reported combined ending fund balances of \$5,617,682, a decrease of \$633,712 in comparison with the prior year. Of this total amount, \$2,185,969 is available for spending at the Village's discretion (unassigned fund balance).
- At April 30, 2020, the unassigned fund balance for the General Fund was \$2,237,306, or 49% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include General Government, Police, Public Works, Streets, Building and Grounds, Mansion, Celebration of Summer Fund, and Parks. The business-type activities of the Village include water and sewer operations.

The government-wide financial statements can be found on pages 11 and 12 of this report.

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

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

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

The Village maintains seventeen individual governmental funds. Information is presented separately in the governmental fund Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis for the General Fund, Motor Fuel Tax Fund, Capital Projects Fund and GO Series 2019 Fund which are considered to be major funds. Data from the other thirteen funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is considered to be a major fund of the Village and the garbage fund, which is also, a major fund. The major proprietary fund consists of the Water and Sewer Fund, Water and Sewer Capital Fund, Garbage Fund and Water and Sewer Equipment Replacement Fund.

The basic proprietary fund financial statements can be found on pages 17 through 19 of this report.

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

The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

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

The notes to the financial statements can be found on pages 22 through 40 of this report.

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

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

The budgetary comparison statements can be found on pages 41 through 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$35,587,700 at April 30, 2020.

By far, the largest portion of the Village's net assets (76%) reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, land improvements, furniture and office equipment, vehicles and equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Village of Lake Villa's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2020	4/30/2019	4/30/2020	4/30/2019	4/30/2020	4/30/2019
Assets						
Current and Other Assets	\$ 5,650,572	\$ 6,288,142	\$ 3,265,288	\$ 3,859,662	\$ 8,915,860	\$ 10,147,804
Capital Assets	11,077,024	9,792,693	22,045,150	21,912,048	33,122,174	31,704,741
Total Assets	\$ 16,727,596	\$ 16,080,835	\$ 25,310,438	\$ 25,771,710	\$ 42,038,034	\$ 41,852,545
Liabilities						
Long-Term Liabilities Outstanding	\$ 822,928	\$ 900,000	\$ 5,560,830	\$ 6,020,287	\$ 6,383,758	\$ 6,920,287
Other Liabilities	33,090	36,748	33,686	27,306	66,776	64,054
Total Liabilities	\$ 856,018	\$ 936,748	\$ 5,594,516	\$ 6,047,593	\$ 6,450,534	\$ 6,984,341
Net Position						
Net Investment in Capital Assets	\$ 10,254,096	\$ 8,892,693	\$ 16,484,320	\$ 15,891,761	\$ 26,738,416	\$ 24,784,454
Restricted	1,488,251	2,646,840	-	-	1,488,251	2,646,840
Unrestricted	4,129,431	3,604,554	3,231,602	3,832,356	7,361,033	7,436,910
Total Net Position	\$ 15,871,778	\$ 15,144,087	\$ 19,715,922	\$ 19,724,117	\$ 35,587,700	\$ 34,868,204

An additional portion of the Village's net position (3.89%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$7,361,033) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2020, the Village is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The Village's net position increased by \$719,496 during the year ended April 30, 2020.

	Village of Lake Villa's Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2020	4/30/2019	4/30/2020	4/30/2019	4/30/2020	4/30/2019
Revenues						
Program Revenues						
Charges for Services	\$ 561,410	\$ 691,646	\$ 3,773,361	\$ 3,476,132	\$ 4,334,771	\$ 4,167,778
Operating Grants and Contributions	23,724	24,758	-	-	23,724	24,758
Capital Grants and Contributions	244,582	31,292	-	-	244,582	31,292
General Revenues						
Property Taxes	2,431,614	2,416,432	-	-	2,431,614	2,416,432
Sales Tax	890,384	845,710	-	-	890,384	845,710
Other Taxes	2,271,293	2,100,010	-	-	2,271,293	2,100,010
Unrestricted Investment Earnings	113,262	108,026	56,106	72,883	169,368	180,909
Gain on Asset Disposal	89,234	18,462	-	-	131,714	24,727
Gain/(Loss) on Investments	-	-	42,480	6,265	-	-
Other General Revenue	251,458	389,340	77,488	81,962	328,946	471,302
Total Revenues	\$ 6,876,961	\$ 6,625,676	\$ 3,949,435	\$ 3,637,242	\$ 10,826,396	\$ 10,262,918
Expenses						
General Government	\$ 1,398,780	\$ 1,772,774	\$ -	\$ -	\$ 1,398,780	\$ 1,772,774
Police	3,097,659	3,257,383	-	-	3,097,659	3,257,383
Public Works	-	82,543	-	-	-	82,543
Streets	1,241,991	1,342,483	-	-	1,241,991	1,342,483
Building and Grounds	346,414	145,729	-	-	346,414	145,729
Mansion	148,095	164,554	-	-	148,095	164,554
Celebration of Summer Fund	24,703	21,447	-	-	24,703	21,447
Garbage	-	-	593,830	542,758	593,830	542,758
Water and Sewer	-	-	3,224,828	2,487,323	3,224,828	2,487,323
Total Expenses	\$ 6,288,242	\$ 6,786,913	\$ 3,818,658	\$ 3,030,081	\$ 10,106,900	\$ 9,816,994
Increase/(Decrease) before Transfers	\$ 588,719	\$ (161,237)	\$ 130,777	\$ 607,161	\$ 719,496	\$ 445,924
Transfers	138,972	206,600	(138,972)	(206,600)	-	-
Increase/(Decrease) in Net Position	\$ 727,691	\$ 45,363	\$ (8,195)	\$ 400,561	\$ 719,496	\$ 445,924
Net Position - Beginning of Year	15,144,087	15,098,724	19,724,117	19,323,556	34,868,204	34,422,280
Net Position - End of Year	\$ 15,871,778	\$ 15,144,087	\$ 19,715,922	\$ 19,724,117	\$ 35,587,700	\$ 34,868,204

Governmental Activities – Governmental activities increased the Village's net position by \$727,691.

Business-Type Activities – Business-type activities decreased the Village's net position by \$8,195.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

At April 30, 2020, the Village's governmental funds reported combined ending fund balances of \$5,617,682, a decrease of \$633,712 in comparison with the prior year. Of this total amount, \$2,185,969 constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

General Fund

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

At April 30, 2020, unassigned fund balance of the General Fund was \$2,237,306 while total fund balance was \$2,265,465 an increase of \$32,666 in comparison with the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49% of total General Fund expenditures, while total fund balance represents 50% of that same amount.

Motor Fuel Tax Fund

The net change in fund balance was an increase of \$284,676 resulting in an ending fund balance of \$761,191.

General Capital Projects Fund

The net change in fund balance was a decrease of \$147,767 resulting in an ending balance of \$1,422,914.

General Obligation Note Series 2019 Fund

The General Obligation Note Series 2019 Fund was created in fiscal year 2019 with the passage of Ordinance No. 2019-03-06. The purpose of this bond, and fund, is to pay the costs of streetscape improvements, land acquisition for municipal parking for the Village, the payment of the expense's incident thereto, and for re-payment of the note. The main activity within this fund in fiscal year 2020 was streetscape improvements of \$792,694 and re-payment of debt, including principal and interest, in the amount of \$107,672.

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

Unrestricted net position of the Water and Sewer Fund at April 30, 2020 amounted to \$3,189,557. The total decrease in net position for the Water and Sewer Fund was \$40,022 which is the excess of expenses over revenues for providing water and sewer services.

The Garbage fund had an unrestricted net position balance at April 30, 2020 of \$42,045. The Village bills customers for Waste Management service on their water & sewer bills at a rate of \$.70 per household per month. Waste Management bills the Village monthly for service provided. The Garbage fund had \$31,827 in excess revenues over expenses for fiscal year 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not amend its budget for the fiscal year ended April 30, 2020; therefore, the amounts shown as original and final budget are the same.

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

- The difference between the estimated revenues and the actual revenues was \$774,092 (favorable) due primarily to the Village not budgeting for Police Pension Taxes that are received and remitted to the Police Pension Fund.
- The difference between the estimated expenditures and the actual expenditures was \$502,817 (unfavorable) and was primarily attributable to the Village not budgeting for Police Pension contributions related to the Police Pension Taxes noted in the revenues section above.

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, 2020 amounts to \$33,122,174 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, furniture and office equipment, vehicles and equipment, and infrastructure. The total decrease in the Village's investment in capital assets for the current fiscal year was less than 1%.

Major capital asset events during the year ended April 30, 2020 included the following:

Governmental Activities:

- Two Squad Cars - \$73,145
- Cedar Avenue Land - \$321,431
- Heavy Construction Equipment - \$164,754
- Grass Lake Road Sidewalk Improvements - \$269,255
- Downtown Sidewalk Improvements - \$122,932
- Cedar Ave Streetscape Project - \$801,134

Business-Type Activities:

- Monaville Road Lift Station - \$993,351

Village of Lake Villa's Capital Assets (net of depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2020	4/30/2019	4/30/2020	4/30/2019	4/30/2020	4/30/2019
Land	\$ 3,838,656	\$ 3,517,225	\$ -	\$ -	\$ 3,838,656	\$ 3,517,225
Construction in Progress	-	725,834	-	534,914	-	1,260,748
Buildings and Improvements	2,146,795	2,282,800	2,804,023	2,873,111	4,950,818	5,155,911
Land Improvements	2,051,219	732,066	-	-	2,051,219	732,066
Furniture and Office Equipment	188,866	149,979	-	-	188,866	149,979
Vehicles and Equipment	694,882	510,654	53,350	54,948	748,232	565,602
Infrastructure	2,156,606	1,874,135	19,187,777	18,449,075	21,344,383	20,323,210
Total	<u>\$ 11,077,024</u>	<u>\$ 9,792,693</u>	<u>\$ 22,045,150</u>	<u>\$ 21,912,048</u>	<u>\$ 33,122,174</u>	<u>\$ 31,704,741</u>

For more detail on the Village's capital assets, see Note 4 in the notes to the financial statements.

Long Term Debt – At April 30, 2020, the Village had \$6,383,758 in long-term debt.

Village of Lake Villa's Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2020	4/30/2019	4/30/2020	4/30/2019	4/30/2020	4/30/2019
GO Bonds 2019	\$ 822,928	\$ 900,000	\$ -	\$ -	\$ 822,928	\$ 900,000
GO Bonds	-	-	1,585,000	1,785,000	1,585,000	1,785,000
IEPA Loan 2013	-	-	67,306	132,938	67,306	132,938
IEPA Loan 2017	-	-	3,908,524	4,102,349	3,908,524	4,102,349
Total	<u>\$ 822,928</u>	<u>\$ 900,000</u>	<u>\$ 5,560,830</u>	<u>\$ 6,020,287</u>	<u>\$ 6,383,758</u>	<u>\$ 6,920,287</u>

For more detail on the Village's long-term debt, see Note 5 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village considered many factors when setting the fiscal year 2021 budget. Those factors included expected property tax revenues, income and utility tax revenues, projected expenses, necessary capital outlay and account fund balances.

The General Operating Fund 2020-2021 budgeted fund surplus of \$140,628 that includes the costs of providing services such as police protection, park maintenance, street maintenance, administrative services, and code compliance services.

The General Capital Fund receives revenue from video gaming, water tower leases, and a portion of sales, use and income tax. In addition, this fund will receive funds in excess of the General Operating Fund designated fund reserve. These funds are set apart from operational spending and reserved for one-time community improvements and major equipment replacements. The fiscal year 2020-2021 budget of \$865,066 includes the following projects as well as other equipment purchases and improvement projects:

• Downtown Sidewalk	\$590,066
• Comprehensive Plan	\$35,000
• Skid Steer Plow Box	\$8,000
• Park Avenue TIF	\$30,000
• Public Works Paving	\$55,000
• Salt Dome Study	\$5,000
• Copier Replacement	\$15,000
• Building Repairs	\$30,000
• Repairs & Improvements	\$50,000
• Office Furniture	\$12,000
• Building Software	\$10,000
• Economic Incentive	\$20,000

The Water and Sewer Operating Fund 2020-2021 budgeted fund surplus of \$45,139 which includes operating costs of the water and sewer system. The Village Board has approved a multi-year rate increase through May 1, 2023 for water and sewer rates. The Village Board continues to review these rate projections on an annual basis to ensure projections are on target.

The Water & Sewer Capital Fund receives revenue from one-time water and sewer connection fees generated from new building construction. In addition, this fund will receive funds in excess of the Water and Sewer Operating Fund designated fund reserve. These revenues are set apart from operational spending and reserved for one-time system improvements and replacements. The Water /Sewer Capital Fund 2020-2021 budget of \$471,000 includes the following system upgrades as well as other system repairs and improvements.

Public Works Paving	\$55,000
Water System Hydraulic Study	\$75,000
Well 5 & 11 SCADA Upgrades	\$16,000
Grand Avenue Utility Relocation Design Engineering	\$180,000
Repairs and Improvements	\$75,000
Sanitary Sewer Manhole Repairs	\$40,000
Well House Chemical Conversion	\$30,000

The Metra Fund 2020-2021 budgeted deficit of \$17,399 includes operating costs for the Metra station and parking lot.

The Mansion Fund 2020-2021 budgeted fund deficit of \$51,963 includes operating and maintenance costs for the Lehmann Mansion.

The Motor Fuel Tax Fund 2020-2021 budgeted deficit of \$429,551.

The Downtown Business District Fund budgeted surplus of \$31,028 including the streetscape project of \$900,000, using the proceeds from the \$900,000 General Obligation Promissory Note, Series 2019 that was received in March of 2019.

The Public Works Equipment Replacement Fund receives revenue from the General Fund and the Water & Sewer fund to fund the regular replacement of Public Works vehicles and major equipment. The fund budget includes \$204,000 in vehicle and equipment purchases.

The Squad Car Replacement Fund receives revenue from the General Fund to fund the regular replacement of Police Department vehicles. The fund budget includes the purchase of two squad vehicles totaling \$100,000.

Prior to the date of this report, the COVID-19 outbreak in the United States has created disruptions in various governments and will continue to impact these organizations. While the disruption is currently expected to be temporary, there is a considerable uncertainty around the duration of time. The extent of the impact on the Village is uncertain and cannot be reasonably estimated at this time.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF LAKE VILLA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,329,879	\$ 821,129	\$ 4,151,008
Investments	2,070,693	2,440,156	4,510,849
Other Receivables	250,000	4,003	254,003
Due from Other Funds	200	-	200
Capital Assets			
Land	3,838,656	-	3,838,656
Other Capital Assets, Net of Depreciation	7,238,368	22,045,150	29,283,518
Total Assets	\$ 16,727,796	\$ 25,310,438	\$ 42,038,234
LIABILITIES			
Refundable Deposits	\$ 1,372	\$ -	\$ 1,372
Due to Other Funds	31,718	-	31,718
Due to Other Governments	-	33,686	33,686
Non-Current Liabilities			
Due Within One Year	79,693	474,753	554,446
Due in More Than One Year	743,235	5,086,077	5,829,312
Total Liabilities	\$ 856,018	\$ 5,594,516	\$ 6,450,534
NET POSITION			
Net Investment in Capital Assets	\$ 10,254,096	\$ 16,484,320	\$ 26,738,416
Restricted for:			
GO Bond Series 2019	102,297	-	102,297
Streets	737,525	-	737,525
Drug Enforcement	16,814	-	16,814
Squad Car	99,170	-	99,170
DUI	23,954	-	23,954
Insurance	47,427	-	47,427
Unemployment	28,159	-	28,159
Metra	46,510	-	46,510
Retirement	75,144	-	75,144
Celebration of Summer	6,437	-	6,437
Downtown TIF	206,918	-	206,918
Parks	97,896	-	97,896
Unrestricted / (Deficit)	4,129,431	3,231,602	7,361,033
Total Net Position	\$ 15,871,778	\$ 19,715,922	\$ 35,587,700

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

VILLAGE OF LAKE VILLA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities							
General Government	\$ 1,398,780	\$ 162,065	\$ -	\$ 244,582	\$ (992,133)	\$ -	\$ (992,133)
Police	3,097,659	244,379	-	-	(2,853,280)	-	(2,853,280)
Streets	1,241,991	32,441	-	-	(1,209,550)	-	(1,209,550)
Building and Grounds	346,414	83,930	-	-	(262,484)	-	(262,484)
Mansion	148,095	38,595	-	-	(109,500)	-	(109,500)
Celebration of Summer Fun	24,703	-	23,724	-	(979)	-	(979)
Interest and Fees on Long-Term Debt	30,600	-	-	-	(30,600)	-	(30,600)
	<u>\$ 6,288,242</u>	<u>\$ 561,410</u>	<u>\$ 23,724</u>	<u>\$ 244,582</u>	<u>\$ (5,458,526)</u>	<u>\$ -</u>	<u>\$ (5,458,526)</u>
Business-Type Activities							
Garbage	\$ 593,830	\$ 623,944	\$ -	\$ -	\$ -	\$ 30,114	\$ 30,114
Water and Sewer	3,224,828	3,149,417	-	-	-	(75,411)	(75,411)
Total Business-Type Activities	<u>\$ 3,818,658</u>	<u>\$ 3,773,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,297)</u>	<u>\$ (45,297)</u>
Total Primary Government	<u>\$ 10,106,900</u>	<u>\$ 4,334,771</u>	<u>\$ 23,724</u>	<u>\$ 244,582</u>	<u>\$ (5,458,526)</u>	<u>\$ (45,297)</u>	<u>\$ (5,503,823)</u>
General Revenues							
Taxes							
Property Tax					\$ 2,431,614	\$ -	\$ 2,431,614
State Sales Tax					890,384	-	890,384
State Income Tax					948,818	-	948,818
State Motor Fuel Tax					319,286	-	319,286
Other Taxes					1,003,189	-	1,003,189
Unrestricted Investment Earnings					113,262	56,106	169,368
Miscellaneous					251,458	19,884	271,342
Gain on Disposal of Capital Assets					89,234	-	89,234
Gain/(Loss) on Investments					-	42,480	42,480
Connection and Permit Fees					-	57,604	57,604
Transfers					138,972	(138,972)	-
Total General Revenues and Transfers					<u>\$ 6,186,217</u>	<u>\$ 37,102</u>	<u>\$ 6,223,319</u>
Change in Net Position					\$ 727,691	\$ (8,195)	\$ 719,496
Net Position - Beginning of Year					15,144,087	19,724,117	34,868,204
Net Position - End of Year					<u>\$ 15,871,778</u>	<u>\$ 19,715,922</u>	<u>\$ 35,587,700</u>

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

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
STATEMENT OF ASSETS, LIABILITIES, AND
FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF APRIL 30, 2020

	General Fund	Motor Fuel Tax Fund	GO Note Series 2019	General Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 227,532	\$ 761,191	\$ 118,798	\$ 1,172,914	\$ 1,049,444	\$ 3,329,879
Investments	2,070,693	-	-	-	-	2,070,693
Other Receivables	-	-	-	-	250,000	250,000
Due from Other Funds	200	-	-	-	-	200
Total Assets	\$ 2,298,425	\$ 761,191	\$ 118,798	\$ 1,172,914	\$ 1,299,444	\$ 5,650,772
LIABILITIES						
Refundable Deposits	\$ 1,242	\$ -	\$ -	\$ -	\$ 130	\$ 1,372
Due to Other Funds	31,718	-	5,000	(250,000)	245,000	31,718
Total Liabilities	\$ 32,960	\$ -	\$ 5,000	\$ (250,000)	\$ 245,130	\$ 33,090
FUND BALANCES						
Restricted						
GO Bond Series 2019	\$ -	\$ -	\$ 102,297	\$ -	\$ -	\$ 102,297
Streets	-	737,525	-	-	-	737,525
Drug Enforcement	-	-	-	-	16,814	16,814
Squad Car	-	-	-	-	99,170	99,170
DUI	-	-	-	-	23,954	23,954
Insurance	-	-	-	-	47,427	47,427
Unemployment	28,159	-	-	-	-	28,159
Metra	-	-	-	-	46,510	46,510
Retirement	-	-	-	-	75,144	75,144
Celebration of Summer	-	-	-	-	6,437	6,437
Downtown TIF	-	-	-	-	206,918	206,918
Parks	-	-	-	-	97,896	97,896
Assigned						
Equipment	-	-	-	-	-	-
GO Bond Series 2019	-	-	11,501	-	-	11,501
Streets	-	23,666	-	-	-	23,666
Public Works	-	-	-	-	36,837	36,837
Celebration of Summer	-	-	-	-	418	418
Squad Car	-	-	-	-	184	184
DUI	-	-	-	-	211	211
Parks	-	-	-	-	75,952	75,952
Capital Projects	-	-	-	1,422,914	-	1,422,914
Downtown TIF	-	-	-	-	80,545	80,545
Business District #1	-	-	-	-	291,234	291,234
Unassigned	2,237,306	-	-	-	(51,337)	2,185,969
Total Fund Balances	\$ 2,265,465	\$ 761,191	\$ 113,798	\$ 1,422,914	\$ 1,054,314	\$ 5,617,682
Total Liabilities and Fund Balances	\$ 2,298,425	\$ 761,191	\$ 118,798	\$ 1,172,914	\$ 1,299,444	\$ 5,650,772

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

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCE - MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2020

Total Fund Balances - Governmental Funds	\$ 5,617,682
Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital Assets, net of accumulated depreciation	11,077,024
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Note	<u>(822,928)</u>
Net Position of Governmental Activities	<u><u>\$ 15,871,778</u></u>

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

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2020

	General Fund	Motor Fuel Tax Fund	GO Note Series 2019	General Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
REVENUES						
Local Taxes	\$ 3,306,289	\$ -	\$ -	\$ 116,670	\$ 744,723	\$ 4,167,682
Intergovernmental	854,309	319,286	-	252,014	-	1,425,609
Licenses and Permits	204,260	-	-	-	-	204,260
Fines	159,986	-	-	-	7,546	167,532
Other	365,173	7,205	9,510	317,551	123,205	822,644
Total Revenues	<u>\$ 4,890,017</u>	<u>\$ 326,491</u>	<u>\$ 9,510</u>	<u>\$ 686,235</u>	<u>\$ 875,474</u>	<u>\$ 6,787,727</u>
EXPENDITURES						
CURRENT						
General Government	\$ 521,098	\$ -	\$ 792,694	\$ -	\$ 590,001	\$ 1,903,793
Police	3,026,482	-	-	-	-	3,026,482
Streets	854,318	-	-	-	-	854,318
Building and Grounds	143,220	-	-	-	-	143,220
Mansion	-	-	-	-	91,535	91,535
Celebration of Summer	-	-	-	-	24,703	24,703
CAPITAL OUTLAY						
General Government	9,430	-	-	983,984	1,410	994,824
Police	5,409	-	-	54,272	78,241	137,922
Public Works	-	-	-	-	221,531	221,531
Streets	3,620	41,815	-	-	74,344	119,779
Mansion	-	-	-	-	866	866
DEBT SERVICE						
Principal	-	-	77,072	-	-	77,072
Interest and Fees	-	-	30,600	-	-	30,600
Total Expenditures	<u>\$ 4,563,577</u>	<u>\$ 41,815</u>	<u>\$ 900,366</u>	<u>\$ 1,038,256</u>	<u>\$ 1,082,631</u>	<u>\$ 7,626,645</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 326,440</u>	<u>\$ 284,676</u>	<u>\$ (890,856)</u>	<u>\$ (352,021)</u>	<u>\$ (207,157)</u>	<u>\$ (838,918)</u>
OTHER FINANCING SOURCES/(USES)						
Proceeds from Sale of Fixed Assets	\$ 42,480	\$ -	\$ -	\$ -	\$ 23,754	\$ 66,234
Transfers	(336,254)	-	107,672	204,254	163,300	138,972
	<u>\$ (293,774)</u>	<u>\$ -</u>	<u>\$ 107,672</u>	<u>\$ 204,254</u>	<u>\$ 187,054</u>	<u>\$ 205,206</u>
NET CHANGE IN FUND BALANCES	<u>\$ 32,666</u>	<u>\$ 284,676</u>	<u>\$ (783,184)</u>	<u>\$ (147,767)</u>	<u>\$ (20,103)</u>	<u>\$ (633,712)</u>
FUND BALANCES - MAY 1, 2019	<u>2,232,799</u>	<u>476,515</u>	<u>896,982</u>	<u>1,570,681</u>	<u>1,074,417</u>	<u>6,251,394</u>
FUND BALANCES - APRIL 30, 2020	<u><u>\$ 2,265,465</u></u>	<u><u>\$ 761,191</u></u>	<u><u>\$ 113,798</u></u>	<u><u>\$ 1,422,914</u></u>	<u><u>\$ 1,054,314</u></u>	<u><u>\$ 5,617,682</u></u>

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

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (633,712)

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

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

Depreciation Expense	\$ (700,885)	
Capital Outlays	<u>1,962,216</u>	1,261,331

In the Statement of Activities - Modified Cash Basis, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Proceeds from Sale of Capital Assets	\$ (23,754)	
Gain on Sale of Capital Assets	<u>46,754</u>	23,000

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

Repayment of Long-Term Debt		<u>77,072</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 727,691</u></u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF LAKE VILLA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2020

	Business-type Activities		
	Water and Sewer	Garbage	Total Enterprise Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 819,057	\$ 2,072	\$ 821,129
Investments	2,400,183	39,973	2,440,156
Other Receivables	4,003	-	4,003
	<u>\$ 3,223,243</u>	<u>\$ 42,045</u>	<u>\$ 3,265,288</u>
Non-Current Assets			
Capital Assets			
Other Capital Assets	\$ 3,735,402	\$ -	\$ 3,735,402
Water and Sewer Systems	30,840,453	-	30,840,453
Less: Accumulated Depreciation	(12,530,705)	-	(12,530,705)
	<u>\$ 22,045,150</u>	<u>\$ -</u>	<u>\$ 22,045,150</u>
Total Assets	<u>\$ 25,268,393</u>	<u>\$ 42,045</u>	<u>\$ 25,310,438</u>
LIABILITIES			
Current Liabilities			
Due to Other Governments	\$ 33,686	\$ -	\$ 33,686
Bonds and Notes Payable - Current	474,753	-	474,753
	<u>\$ 508,439</u>	<u>\$ -</u>	<u>\$ 508,439</u>
Non-Current Liabilities			
Bonds and Notes Payable (Net of Current Portion Shown Above)	\$ 5,086,077	\$ -	\$ 5,086,077
Total Liabilities	<u>\$ 5,594,516</u>	<u>\$ -</u>	<u>\$ 5,594,516</u>
NET POSITION			
Net Investment in Capital Assets	\$ 16,484,320	\$ -	\$ 16,484,320
Unrestricted / (Deficit)	3,189,557	42,045	3,231,602
Total Net Position	<u>\$ 19,673,877</u>	<u>\$ 42,045</u>	<u>\$ 19,715,922</u>

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

VILLAGE OF LAKE VILLA
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2020

	Enterprise Fund		
	Water and Sewer	Garbage	Total Enterprise Funds
OPERATING REVENUES			
Charges for Services			
Water Customer Sales/Connection Fees	\$ 1,881,128	\$ -	\$ 1,881,128
Sewer Customer Sales/Connection Fees	1,264,581	-	1,264,581
Refuse and Recycling Collections	-	623,944	623,944
County Connection Fees	57,604	-	57,604
Water Meter Sales	1,908	-	1,908
Inspection Fees	1,800	-	1,800
Miscellaneous Revenue	18,652	1,232	19,884
	<u>\$ 3,225,673</u>	<u>\$ 625,176</u>	<u>\$ 3,850,849</u>
OPERATING EXPENSES			
Water Department			
Personnel Expenses	\$ 333,966	\$ -	\$ 333,966
Contractor Expenses	67,626	-	67,626
Operating Expenses	682,813	-	682,813
Depreciation	430,724	-	430,724
Sewer Department			
Personnel Expenses	333,973	-	333,973
Contractor Expenses	694,722	-	694,722
Operating Expenses	89,930	-	89,930
Depreciation	340,856	-	340,856
Garbage Services			
Contractor Expenses	-	588,419	588,419
Operating Expenses	-	5,411	5,411
	<u>\$ 2,974,610</u>	<u>\$ 593,830</u>	<u>\$ 3,568,440</u>
OPERATING INCOME/(LOSS)	<u>\$ 251,063</u>	<u>\$ 31,346</u>	<u>\$ 282,409</u>
NON-OPERATING REVENUE/(EXPENSE)			
Interest Income	\$ 55,625	\$ 481	\$ 56,106
Interest Expense	(126,688)	-	(126,688)
Gain/(Loss) on Investments	42,480	-	42,480
Gain/(Loss) on Disposal of Asset	(123,530)	-	(123,530)
	<u>\$ (152,113)</u>	<u>\$ 481</u>	<u>\$ (151,632)</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>\$ 98,950</u>	<u>\$ 31,827</u>	<u>\$ 130,777</u>
TRANSFERS (TO)/FROM OTHER FUNDS			
Transfers	(138,972)	-	(138,972)
CHANGE IN NET POSITION	<u>\$ (40,022)</u>	<u>\$ 31,827</u>	<u>\$ -</u>
NET POSITION - MAY 1, 2019	<u>19,713,899</u>	<u>10,218</u>	<u>-</u>
NET POSITION - APRIL 30, 2020	<u><u>\$ 19,673,877</u></u>	<u><u>\$ 42,045</u></u>	<u><u>\$ (8,195)</u></u>

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

VILLAGE OF LAKE VILLA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2020

	<u>Enterprise Fund</u> <u>Water and Sewer</u> <u>and Garbage</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 3,850,867
Payments to Suppliers for Goods and Services	(2,122,541)
Payments to Employees for Services	(667,939)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 1,060,387</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ (138,972)
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>\$ (138,972)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (1,018,643)
Expenses for Disposal of Capital Assets	(9,569)
Interest Paid on Capital Debt	(126,688)
Principal Paid on Capital Debt	(459,457)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (1,614,357)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 56,106
Proceeds from Sale of Investments	870,403
Net Cash Provided/(Used) by Investing Activities	<u>\$ 926,509</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 233,567
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2019	<u>587,562</u>
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2020	<u><u>\$ 821,129</u></u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ 282,409
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	771,580
Change in Assets and Liabilities:	
Other Receivables	18
Due to Other Governments	6,380
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 1,060,387</u></u>

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

VILLAGE OF LAKE VILLA
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
APRIL 30, 2020

	<u>Police Pension Trust Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,126,522
Investments	
Corporate Bonds	394,613
Mutual Funds	2,527,417
Stocks	121,421
Certificates of Deposit	206,312
U.S. Agency Obligations	143,332
U.S. Treasury Obligations	2,336,984
Due from Other Funds	31,718
Prepays	1,769
Accrued Interest	<u>17,287</u>
Total Assets	<u>\$ 7,907,375</u>
LIABILITIES	
Cash Overdraft	\$ -
Accounts Payable	55,503
Due to Other Funds	-
Due to Developers	<u>-</u>
Total Liabilities	<u>\$ 55,503</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 7,851,872</u></u>

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

VILLAGE OF LAKE VILLA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
MODIFIED CASH BASIS
FIDUCIARY FUNDS
YEAR ENDED APRIL 30, 2020

	<u>Police Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 778,479
Plan Members	137,325
Total Contributions	<u>\$ 915,804</u>
Investment Income	
Interest and Dividends	\$ 247,327
Net Increase/(Decrease) in Fair Value of Investments	(31,463)
Less: Brokerage Fees	(18,785)
Net Investment Income	<u>\$ 197,079</u>
Total Additions	<u>\$ 1,112,883</u>
DEDUCTIONS	
Benefits	\$ 549,580
Administrative Expenses	24,062
Total Deductions	<u>\$ 573,642</u>
NET INCREASE/(DECREASE)	\$ 539,241
TRANSFERS (TO)/FROM OTHER FUNDS	
Transfers	<u>-</u>
CHANGE IN NET POSITION	\$ 539,241
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2019	<u>7,312,631</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2020	<u><u>\$ 7,851,872</u></u>

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

VILLAGE OF LAKE VILLA
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The accompanying financial statements comply with the provisions of GASB statements, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that the Police Pension Plan meets the above criteria. The Police Pension Plan is blended into the Village's primary government financial statements as a fiduciary fund although it remains a separate legal entity. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. Basic Financial Statements – Government-Wide Financial Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's General Government, Police, Public Works, Streets, Building and Grounds, Mansion, and Celebration of Summer Fund services are classified as governmental activities. The Village's water and sewer services and garbage fund are classified as business-type activities.

In the government-wide Statement of Net Position – Modified Cash Basis, the governmental and business-type activities columns (a) are presented on a consolidated basis, and (b) are reported on a modified cash, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

The net costs (by function or business-type activity) are normally covered by general revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The Village does not allocate indirect costs.

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

C. Basic Financial Statements – Fund Financial Statements

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

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

The following fund types are used by the Village:

1. Governmental Funds

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

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

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

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

Debt Service Fund - Debt Service Funds are funds with cash reserved that is to be used to pay for the interest and principal payments on certain types of debt. The General Obligation Bond Series 2019 Fund includes re-payment of the debt that was issuance during 2019, along with related expenditures.

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

2. Proprietary Fund Types

The proprietary fund utilizes an "economic resource" measurement focus. The object is determination of operating income, changes in net position, financial position, and cash flows. The generally accepted

NOTES TO FINANCIAL STATEMENTS (Continued)

accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

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

3. *Fiduciary Fund Types*

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

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

D. *Basis of Accounting*

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

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

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

If the Village utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

E. *Cash and Cash Equivalents and Investments*

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

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Village funds. The Agency Fund had a cash overdraft of \$22,202 at April 30, 2020.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

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

F. *Restricted Cash and Cash Equivalents*

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

G. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

H. *Capital Assets*

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

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

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

I. *Deferred Outflows and Inflows of Resources*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

J. *Compensated Absences*

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

K. *Long-Term Obligations*

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

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

L. *Government-Wide Net Position*

Government-wide net position is divided into three components:

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

M. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

1. *Restricted* – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. *Committed* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

NOTES TO FINANCIAL STATEMENTS (Continued)

3. *Assigned* – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The authority of the assigned fund balance has been retained by the Board of Trustees.

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

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

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

N. *Property Tax Calendar and Revenues*

The Village's property tax is levied each calendar year on all taxable real property located in the Village's district on or before the last Tuesday in December. The 2019 levy was passed by the Board on November 18, 2019. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

O. *Defining Operating Revenues and Expenses*

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

P. *Budgetary Information*

A proposed operating budget for the fiscal year commencing the following May 1 is submitted to the Board of Trustees. The operating budget includes proposed disbursements and the means of financing them. Public hearings are conducted to obtain taxpayer comments.

The budget is legally enacted through passage of an ordinance. The budget was passed on July 15, 2019. Budget amounts reflected on the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual reflect the Village's internal working budget amounts which are lower than legal budget amounts. Therefore, all funds operated within legal budgets.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the Village's name, except the following balance held in the Village and in the Village's Pension Fund:

- Uninsured and uncollateralized: \$158,470

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village has a policy that all deposits and investments in excess of any insurance shall be collateralized by pledged securities and the market value of the pledged securities shall equal or exceed the portion of deposit requiring collateralization. As of April 30, 2020, \$42,275 of the Village's bank balance and \$116,195 of the Village's Pension Fund bank balance was exposed to custodial credit risk.

Investments

As of April 30, 2020, the Village had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	5 - 10	More than 10
State Investment Pool	\$ 619,644	\$ 619,644	\$ -	\$ -	\$ -
GNMA	321,761	-	-	-	321,761
Total Investments	<u>\$ 941,405</u>	<u>\$ 619,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,761</u>

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

Credit Risk. State law limits investments based on credit risk. The Village's investment policy states that the Village cannot directly invest in securities maturing more than ten years from the date of purchase. As of April 30, 2020, the Village's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's
GNMA	AA+	Standard and Poor's

NOTE 3 - FAIR VALUE MEASUREMENT

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Village, including the Police Pension, have the following recurring fair value measurements as of April 30, 2020:

NOTES TO FINANCIAL STATEMENTS (Continued)

		Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level	4/30/2020		
Debt Securities:			
U.S. Treasury Securities	\$ 2,336,984	\$ 2,336,984	\$ -
U.S. Government Agencies	465,094	-	465,094
Corporate bonds	394,613	-	394,613
Certificate of Deposits	4,479,368	-	4,479,368
Total Debt Securities	<u>\$ 7,676,059</u>	<u>\$ 2,336,984</u>	<u>\$ 5,339,075</u>
Equity Securities:			
Corporate Securities	\$ 121,421	\$ 121,421	\$ -
Mutual Fund	2,527,417	2,527,417	-
Total Equity Securities	<u>\$ 2,648,838</u>	<u>\$ 2,648,838</u>	<u>\$ -</u>
Total Investments by fair value level	<u>\$ 10,324,897</u>	<u>\$ 4,985,822</u>	<u>\$ 5,339,075</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020 was as follows:

	Balance May 1, 2019	Increases	Decreases	Balance April 30, 2020
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 3,517,225	\$ 321,431	\$ -	\$ 3,838,656
Construction in Progress	725,834	-	725,834	-
Total Capital Assets not being depreciated	<u>\$ 4,243,059</u>	<u>\$ 321,431</u>	<u>\$ 725,834</u>	<u>\$ 3,838,656</u>
Other Capital Assets:				
Buildings and Improvements	\$ 4,143,317	\$ -	\$ -	\$ 4,143,317
Land Improvements	1,408,215	1,427,395	-	2,835,610
Furniture and Office Equipment	575,008	91,011	-	666,019
Vehicles and Equipment	2,181,095	317,675	105,105	2,393,665
Infrastructure	3,837,959	553,538	-	4,391,497
Total Other Capital Assets at Historical Cost	<u>\$ 12,145,594</u>	<u>\$ 2,389,619</u>	<u>\$ 105,105</u>	<u>\$ 14,430,108</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 1,860,517	\$ 136,005	\$ -	\$ 1,996,522
Land Improvements	676,149	108,242	-	784,391
Furniture and Office Equipment	425,029	52,124	-	477,153
Vehicles and Equipment	1,670,441	133,447	105,105	1,698,783
Infrastructure	1,963,824	271,067	-	2,234,891
Total Accumulated Depreciation	<u>\$ 6,595,960</u>	<u>\$ 700,885</u>	<u>\$ 105,105</u>	<u>\$ 7,191,740</u>
Other Capital Assets, Net	<u>\$ 5,549,634</u>	<u>\$ 1,688,734</u>	<u>\$ -</u>	<u>\$ 7,238,368</u>
Governmental Activities Capital Assets, net	<u>\$ 9,792,693</u>	<u>\$ 2,010,165</u>	<u>\$ 725,834</u>	<u>\$ 11,077,024</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance May 1, 2019	Increases	Decreases	Balance April 30, 2020
Business-Type Activities:				
Capital Assets not being depreciated:				
Construction in Progress	\$ 534,914	\$ -	\$ 534,914	\$ -
Total Capital Assets not being depreciated	\$ 534,914	\$ -	\$ 534,914	\$ -
Other Capital Assets:				
Buildings	\$ 3,428,720	\$ -	\$ -	\$ 3,428,720
Land Improvements	15,980	-	-	15,980
Equipment	54,610	12,181	-	66,791
Vehicles and Equipment	223,911	-	-	223,911
Infrastructure	29,530,077	1,541,376	231,000	30,840,453
Total Other Capital Assets at Historical Cost	\$ 33,253,298	\$ 1,553,557	\$ 231,000	\$ 34,575,855
Less Accumulated Depreciation for:				
Buildings	\$ 555,609	\$ 69,088	\$ -	\$ 624,697
Land Improvements	15,980	-	-	15,980
Equipment	52,277	6,396	-	58,673
Vehicles and Equipment	171,296	7,383	-	178,679
Infrastructure	11,081,002	688,713	117,039	11,652,676
Total Accumulated Depreciation	\$ 11,876,164	\$ 771,580	\$ 117,039	\$ 12,530,705
Other Capital Assets, Net	\$ 21,377,134	\$ 781,977	\$ 113,961	\$ 22,045,150
Business-Type Activities Capital Assets, net	\$ 21,912,048	\$ 781,977	\$ 648,875	\$ 22,045,150

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 113,433
Police	60,671
Streets	267,893
Building and Grounds	203,194
Mansion	55,694
Total Governmental Activities Depreciation Expense	<u>\$ 700,885</u>

Business-Type Activities:	
Water Operations	\$ 430,724
Sewer Operations	340,856
Total Business-Type Activities Depreciation Expense	<u>\$ 771,580</u>

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2020 was as follows:

	Balance May 1, 2019	Additions	Retirements	Balance April 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Long-Term Debt					
GO Bond 2019	\$ 900,000	\$ -	\$ 77,072	\$ 822,928	\$ 79,693
Total Governmental Activities Long-Term Debt	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ 77,072</u>	<u>\$ 822,928</u>	<u>\$ 79,693</u>
Business-Type Activities:					
Long-Term Debt					
GO Bonds	\$ 1,785,000	\$ -	\$ 200,000	\$ 1,585,000	\$ 210,000
IEPA 2013 Loan	132,938	-	65,632	67,306	67,306
IEPA 2017 Loan	4,102,349	-	193,825	3,908,524	197,447
Total Business-Type Activities Long-Term Debt	<u>\$ 6,020,287</u>	<u>\$ -</u>	<u>\$ 459,457</u>	<u>\$ 5,560,830</u>	<u>\$ 474,753</u>
Long-Term Liabilities	<u>\$ 6,920,287</u>	<u>\$ -</u>	<u>\$ 536,529</u>	<u>\$ 6,383,758</u>	<u>\$ 554,446</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

Long-term debt consisted of the following at April 30, 2020:

	Date of Issuance	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities					
GO Bond Series 2019	3/25/2019	3/25/2029	3.40%	\$ 900,000	\$ 822,928
Business-Type Activities:					
GO Bonds	12/17/2014	12/15/2026	2.0% - 3.0%	\$ 2,550,000	\$ 1,585,000
IEPA Loan 2013	8/1/2001	12/1/2020	2.535%	1,038,400	67,306
IEPA Loan 2017	5/30/2017	12/17/2036	1.86%	4,472,954	3,908,524

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

On March 25, 2019, The Village issued \$900,000 in General Refunding Bonds for the purpose of paying the costs of streetscape improvements and land acquisition for municipal parking for the Village and for the payment of the expenses incident there to, providing for the security for and payment of said note, and authorizing the issues of the note.

At April 30, 2020 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2021	\$ 79,693	\$ 27,980	\$ 107,673
2022	82,403	25,270	107,673
2023	85,204	22,468	107,672
2024	88,101	19,571	107,672
2025	91,097	16,576	107,673
2026-2029	396,430	34,260	430,690
	<u>\$ 822,928</u>	<u>\$ 146,125</u>	<u>\$ 969,053</u>

At April 30, 2020 the annual debt service requirements to service long-term debt attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total
2021	\$ 474,753	\$ 116,892	\$ 591,645
2022	411,137	107,195	518,332
2023	419,895	98,186	518,081
2024	433,724	88,445	522,169
2025	447,625	78,357	525,982
2026-2030	1,614,227	244,133	1,858,360
2031-2035	1,233,266	112,894	1,346,160
2036-2037	526,203	8,397	534,600
	<u>\$ 5,560,830</u>	<u>\$ 854,499</u>	<u>\$ 6,415,329</u>

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2020 consisted of the following:

Due From	Due To	Amount
General Fund	Pension Fund	\$ 31,718
GO Note Series 2019 Fund	Business District #1 Fund	5,000
Downtown TIF Fund	General Capital Fund	250,000
Developer Escrows	General Fund	200

NOTES TO FINANCIAL STATEMENTS (Continued)

The interfund balance due to Pension resulted from clearing account cash that belonged to the Pension Fund but was in a General Fund cash account.

The interfund balance due from the GO Note Series 2019 Fund to the Business District #1 fund was for fees associated with the note issuances.

The interfund balance due from the Downtown TIF fund to the General Capital Fund was for a TIF economic incentive payment made from the General Capital Fund but needed to be paid from the Downtown TIF Fund.

The interfund balance due from Developer Escrows to the General Fund was for permit escrow transfer.

Interfund transfers for the year ended April 30, 2020 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Squad Car Fund	\$ 74,000	Future capital purchases
General Fund	Public Works Fleet Replacement Fund	58,000	Future capital purchases
General Fund	General Capital Fund	204,254	Future capital purchases
Metra Fund	Liability Insurance Fund	4,976	To cover insurance premiums
Mansion Fund	Liability Insurance Fund	4,976	To cover insurance premiums
Water and Sewer Fund	Public Works Fleet Replacement Fund	87,000	Future capital purchases
Water and Sewer Fund	Liability Insurance Fund	51,972	To cover insurance premiums
Business District #1	Capital Project Fund	107,672	Future capital purchases

NOTE 7 - DEFICIT FUND BALANCES

The Mansion Fund and Special Events Funds had a deficit fund balances of \$46,074 and \$5,263, respectively as of April 30, 2020.

NOTE 8 - PROPERTY TAXES

Property taxes recorded in these financial statements are from the 2018 tax levies. A summary of the assessed valuation, rates, and extensions for the years 2019, 2018, and 2017 follows:

TAX YEAR	2019		2018		2017	
ASSESSED VALUATION	\$223,695,613		\$224,417,203		\$219,877,873	
	RATES	EXTENSIONS	RATES	EXTENSIONS	RATES	EXTENSIONS
Corporate	0.222375	\$ 497,443	0.202148	\$ 453,655	0.178511	\$ 392,506
Police Protection	0.215025	481,002	0.214471	481,310	0.214210	471,000
Tort and Liability Insurance	0.077728	173,874	0.077478	173,874	0.085494	187,982
Municipal Retirement	0.027364	61,212	0.028610	64,206	0.034110	75,000
Unemployment Insurance	0.000045	101	0.000045	101	0.000046	101
Audit	0.004471	10,000	0.004456	10,000	0.004548	10,000
Social Security	0.080659	180,431	0.079910	179,332	0.083987	184,669
Street and Bridge	0.052508	117,458	0.051790	116,225	0.053016	116,571
Police Pension	0.321552	719,298	0.349638	784,648	0.375597	825,855
	<u>1.001727</u>	<u>\$ 2,240,819</u>	<u>1.008546</u>	<u>\$ 2,263,351</u>	<u>1.029519</u>	<u>\$ 2,263,684</u>

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2020, the following funds have expenditures that exceeded the budget.

Fund	Actual	Budget	Excess of Actual Over Budget
General Fund	\$ 4,563,577	\$ 4,060,760	\$ 502,817
Capital Projects Fund	1,038,256	742,149	296,107
GO Note Series 2019 Fund	900,366	-	900,366

NOTE 10 - RETIREMENT FUND COMMITMENTS

A. *Illinois Municipal Retirement Fund*

Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser of*:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate.

NOTES TO FINANCIAL STATEMENTS (Continued)

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2019 was 8.51%. For the fiscal year ended April 30, 2020, the District contributed \$106,919 to the plan. The District 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

B. Social Security

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

C. Police Pension

Plan Description

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

Benefits Provided

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

Contributions

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.455% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2041 to fund 90% of the past service cost for the Plan. For the year ended April 30, 2020, the Village's contribution was \$778,479.

Investment Policy

ILCS limit the Plan's investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan's investment policy authorizes the Plan to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements,

NOTES TO FINANCIAL STATEMENTS (Continued)

short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Plan may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income, Govt	44.00%	0.33%
Corporate Investment Grade	11.00%	0.11%
Domestic Equities	33.75%	2.19%
International Developed	11.25%	0.68%
Cash and Equivalents	0.00%	0%
	<u>100.00%</u>	

ILCS limits the Plan's investments in equities to 65% of total assets of the fund. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio. The Estimated Annual Inflation Rate (CPI) assumption used is 2.5%. The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management firm in December of 2014 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of December 31, 2014 are listed in the table above.

Investment Valuations

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

Investment Concentrations

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

Investment Rate of Return

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments (excluding CD's), net of pension plan investment expense, was 6.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

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

NOTES TO FINANCIAL STATEMENTS (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Plan's debt securities as of April 30, 2019:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	5 - 10	More than 10
State Investment Pool	\$ 1,202,054	\$ 1,202,054	\$ -	\$ -	\$ -
US Treasury	2,336,984	177,008	1,788,220	371,756	-
FHLMC	143,332	45,001	98,331	-	-
Mutual Funds	2,527,417	2,527,417	-	-	-
Corporate Securities	121,421	121,421	-	-	-
Corporate Bonds	394,613	62,153	197,604	134,856	-
Total Investments	<u>\$ 6,725,821</u>	<u>\$ 4,135,054</u>	<u>\$ 2,084,155</u>	<u>\$ 506,612</u>	<u>\$ -</u>

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

Credit Risk

The Plan limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. The fixed income securities are not rated Baa3 to Aaa by Moody's. However, certain fixed income securities are not rated. As of April 30, 2020, the Plan's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's
US Treasury	AA+	Standard and Poor's
FHLMC	AA+	Standard and Poor's
Corporate Bonds	A - BBB+	Standard and Poor's
Mutual Funds	N/A	N/A
Corporate Securities	N/A	N/A

NOTE 11 - POST-EMPLOYMENT BENEFIT COMMITMENTS – RETIREE INSURANCE PLAN

Plan Overview

In addition to the retirement plans described in Note 10, the District provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single employer defined benefit plan, provides the following coverage:

Types of Coverage:

PPO

High PPO

HDHP PPO

Coverage Provisions:

Retirees – Non-PSEBA

NOTES TO FINANCIAL STATEMENTS (Continued)

Pre-65 Coverage:

Employees may continue Employer sponsored insurance in retirement. They are responsible for the full cost of coverage including coverage for any eligible spouse/dependent. Eligible Spouse/Dependent coverage may continue should Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent would be responsible for the full cost of coverage.

Post-65 Coverage:

Retirees may continue Employer sponsored insurance in retirement past Medicare eligibility. Eligible Spouse/Dependent coverage may continue should Retiree coverage terminate under COBRA provisions when an applicable qualifying event occurs. The Spouse/Dependent would be responsible for the full cost of coverage. Coverage is secondary to Medicare once eligible.

Retirees –PSEBA

Pre-65 Coverage:

Employees may continue Employer sponsored insurance in retirement. The Employer pays for the full cost of coverage for whichever basic group plan is elected, including the cost of coverage for any eligible spouse/dependent.

Eligible spouse coverage may continue after the death of the eligible employee, until and unless the spouse has remarried and/or become eligible for Medicare. The employer pays for the full cost of coverage for whichever basic group plan is elected if coverage continues. Upon a spouse's eligibility for Medicare, coverage may continue for the eligible spouse, with the Employer no longer paying any cost of coverage. Coverage is secondary to Medicare once eligible. Eligible dependent coverage may continue after the death of the eligible employee until the dependent reaches 18 years of age or until the end of the calendar year in which the dependent reaches 25 years of age, if the dependent continues to be dependent for support or the dependent is a student and is dependent for support. The employer pays for the full cost of coverage for whichever basic group plan is elected if coverage continues.

Post-65 Coverage:

Retirees may continue Employer sponsored insurance in retirement past Medicare eligibility. They are responsible for the full cost of coverage including coverage for any eligible spouse/dependent, with the Employer no longer paying any cost of coverage.

Eligible spouse coverage may continue after the death of the eligible employee, until and unless the spouse has remarried and/or become eligible for Medicare. The employer pays for the full cost of coverage for whichever basic group plan is elected if coverage continues. Upon a spouse's eligibility for Medicare, coverage may continue for the eligible spouse, with the Employer no longer paying any cost of coverage. Coverage is secondary to Medicare once eligible.

Eligible dependent coverage may continue after the death of the eligible employee until the dependent reaches 18 years of age or until the end of the calendar year in which the dependent reaches 25 years of age, if the dependent continues to be dependent for support or the dependent is a student and is dependent for support. The employer pays for the full cost of coverage for whichever basic group plan is elected if coverage continues.

The Plan does not issue a stand-alone financial report.

NOTES TO FINANCIAL STATEMENTS (Continued)

Eligibility

Employees of the District are eligible for retiree health benefits as listed below:

Regular Plan Tier 1 (Enrolled in IMRF Prior to January 1, 2011)

- Age 55 with at least 8 years of service (Reduced Pension).
- Age 55 with at least 30 years of service (Reduced Pension).
- Age 55 with at least 35 years of service (Full Pension).
- Age 60 with at least 8 years of service (Full Pension).

Regular Plan Tier 2 (Enrolled in IMRF On or After January 1, 2011)

- Age 62 with at least 10 years of service (Reduced Pension).
- Age 62 with at least 30 years of service (Reduced Pension).
- Age 62 with at least 35 years of service (Full Pension).
- Age 67 with at least 10 years of service (Full Pension).

Contribution

The required contribution is based on projected pay-as-you-go financing requirements. Employees are not required to contribute to the plan. Retirement plan contributions are only related to the subsidy; therefore, there are no direct cash contributions to report.

NOTE 12 - RISK MANAGEMENT

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

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

The relationship between the Village and IMLRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Village is contractually obligated to make all annual and supplementary contributions for IMLRMA, to report claims on a timely basis, cooperate with IMLRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by IMLRMA. Members have a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which they were a member. IMLRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. IMLRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

During the year ended April 30, 2020, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in each of the past three years. The Village is insured under a retrospectively rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2020, there were no significant adjustments in premiums based on actual experience.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - JOINT VENTURE

A. Solid Waste Agency of Lake County

The Village is a member of the Solid Waste Agency of Lake County (Agency). The Agency is a municipal corporation with 44 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 Village's contract with the Agency provides that each member is liable for its proportionate share of annual operating and fixed costs. The Village's share of these costs is expected to be funded through fees paid by refuse haulers. In addition, the Village is obligated for any costs arising from defaults in payment obligations by other members.

The following represents a summary of the Agency's balance sheet at November 30, 2019 and the statement of revenues and expenses for the year then ended.

Assets	\$ 3,936,268
Deferred Outflows Related to Pension	282,720
	<u>\$ 4,218,988</u>
Liabilities	\$ 228,593
Deferred Inflows Related to Pension	43,294
Net Position	3,947,101
	<u>\$ 4,218,988</u>
Revenues	\$ 1,091,314
Expenses	1,261,706
Net Increase/(Decrease) in Net Position	<u>\$ (170,392)</u>

November 30, 2019 is the latest date information available. Total payments for fiscal year 2020 made under these agreements for the Village of Lake Villa were \$3,746. Audited financial statements of the Agency may be obtained from the Village or the Agency's administrative office located in Gurnee, Illinois.

B. Central Lake County Joint Action Water Agency

The Agency and twelve other members have entered into a joint agreement: to provide water to member municipalities on a wholesale basis; to plan, construct, acquire, develop, operate, maintain, or contract for facilities for receiving, sorting, and transmitting water from Lake Michigan for the principal use and mutual benefit of the municipalities and their water users; and to provide adequate supplies of such water on an economical and efficient basis for the municipalities.

A summary of financial condition (modified cash basis) of CLCJAWA at April 30, 2019 (most recent information available) is as follows:

Assets	\$ 189,065,682
Deferred Outflows of Resources	3,534,604
	<u>\$ 192,600,286</u>
Liabilities	\$ 109,158,196
Deferred Inflows of Resources	1,208,533
Net Position	82,233,557
	<u>\$ 192,600,286</u>
Revenues	\$ 30,854,744
Expenses	13,274,274
Net Increase/(Decrease) in Net Position	<u>\$ 17,580,470</u>

Total payments for fiscal year 2020 made under these agreements for the Village of Lake Villa were \$584,904. Complete financial statements for Central Lake County Joint Action Water Agency can be obtained from the Administration Offices at 200 Rockland Rd., Lake Bluff, Illinois 60044.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - DEFERRED COMPENSATION PLAN

Employees of the Village may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the Village. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until after termination, retirement, death or unforeseen emergency.

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

NOTE 15 - COMMITMENTS

At April 30, 2020, the Village was a member of various joint agreements. As a member, the Village assumes certain obligations with respect to the entities' liabilities. Further information on the more significant joint agreements are provided in Note 13.

The Village pays sewage usage fees and collection connection fees for and remits them to the County of Lake, Illinois (County), in accordance with an agreement for sewerage disposal dated August 23, 1991. During the fiscal year ended April 30, 2020 the Village remitted \$660,752 to the County under the terms of this agreement.

NOTE 16 - LEGAL DEBT LIMITATION

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

2019 EAV	\$	223,695,613
	X	<u>8.625%</u>
Debt Margin	\$	19,293,747
Current Debt		<u>822,928</u>
Remaining Debt Margin	\$	<u><u>18,470,819</u></u>

NOTE 17 - SUBSEQUENT EVENTS

Prior to the date of this report, the COVID-19 outbreak in the United States has created disruptions in various governments and will continue to impact these organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of time. The extent of the impact on the Village is uncertain and cannot be reasonably estimated at this time. In addition to this, on December 18, 2019, Governor JB Pritzker signed SB1300. The law, a Public Act (P.A.), 101-0610, represents the culmination of more than a decade of work by the Illinois Municipal League (IML). The law consolidates the assets of the state's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds, one for police officers (Article 3) and one for firefighters (Article 4), which will improve investment returns, eliminate unnecessary and redundant administrative costs, ensure more money is available to fund pension benefits and reduce the burden on local taxpayers. The law was effective as of January 1, 2020. All pension fund assets, currently reported within the fiduciary fund statements of the Plan, will be transferred to Police pension investment fund no later than 30 months after the effective date of the transitions. This is likely to change the reporting of the Fund as a fiduciary fund in future reporting periods.

SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS
	ORIGINAL AND FINAL		
REVENUES			
Local Taxes			
Property Tax	\$ 1,084,961	\$	1,037,084
Property Tax - Police Pension	-		778,479
Property Tax - Road and Bridge	25,000		42,170
Sales Tax	641,250		641,250
Local Use Tax	263,236		263,236
Telecommunication Tax	190,000		151,903
Utility Tax - Gas	110,000		105,934
Utility Tax - Electric	300,000		286,233
Intergovernmental			
State Income Tax	836,623		836,623
State Replacement Tax	13,000		17,686
Licenses and Permits			
Amusement Licenses	1,700		75
Building Permits	65,000		78,230
Business Registration Fees	4,900		4,100
Impact Fees	-		2,400
Landscaping Inspection Fees	500		200
Liquor Licenses	19,000		15,850
Site Development Permits	1,000		5,500
Vehicle Licenses	95,000		96,380
Vending Licenses	1,775		1,425
Watershed Permit	200		100
Fines			
Court Fines	100,000		119,710
Parking and Other Fines	60,000		40,276
Other			
Cable Franchise Fees	155,000		150,956
Computer Fund	1,200		939
Grant Revenue	-		1,031
Investment Income	60,000		93,296
Police Reports	500		1,051
School Resource Officer Fees	65,000		75,796
Zoning Books, Maps and Hearing Fees	800		-
Other Revenue	20,280		42,104
Total Revenues	<u>\$ 4,115,925</u>	<u>\$</u>	<u>4,890,017</u>
EXPENDITURES			
CURRENT			
General Government			
Personnel Salaries	\$ 323,974	\$	334,295
Health Insurance Premiums	41,104		50,896
Training	13,900		8,223
Legal and Professional Fees	90,375		71,822
Computer Services	20,438		24,417
Maintenance	2,984		3,165
Printing and Publishing	13,700		9,563
Public Relations	-		146
Office Supplies	8,400		7,021
Credit Card Fees	700		1,191
Miscellaneous	8,000		10,359
	<u>\$ 523,575</u>	<u>\$</u>	<u>521,098</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2020

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL AMOUNTS
EXPENDITURES (Continued)		
CURRENT (Continued)		
Police		
Personnel Salaries	\$ 1,735,584	\$ 1,720,626
Employee Retirement	-	778,479
Health Insurance Premiums	258,400	243,675
Uniforms	16,850	25,093
Training	17,000	18,972
Range	11,100	8,853
Legal and Professional Fees	-	31,846
Dispatching	81,052	80,000
Radios	10,608	10,982
Computer Services	2,100	1,279
Vehicle Maintenance	7,500	5,746
Equipment Maintenance	6,150	6,288
Fuel	30,000	28,573
Vehicle Supplies	18,000	17,335
Police Commission	30,600	1,160
Printing	6,500	6,506
Office Supplies	10,900	10,889
Miscellaneous	31,201	30,180
	<u>\$ 2,275,045</u>	<u>\$ 3,026,482</u>
Streets		
Personnel Salaries	\$ 353,500	\$ 346,498
Health Insurance Premiums	75,000	66,377
Physicals/Testing	2,000	-
Uniforms	3,000	2,047
Training	2,000	790
Engineering	9,000	12,665
Vehicle Maintenance	12,500	8,932
Fuel	22,500	21,429
Street Sweeping	131,000	57,059
Vehicle Supplies	30,000	26,351
Maintenance	167,000	151,377
Electric	120,000	149,272
Supplies	12,000	11,521
	<u>\$ 939,500</u>	<u>\$ 854,318</u>
Building and Grounds		
Engineering and Inspector Fees	\$ 90,300	\$ 68,606
Maintenance	19,000	19,204
Utilities	2,000	299
Supplies	31,000	29,651
Cleaning	8,540	7,760
Telephone	17,000	17,700
	<u>\$ 167,840</u>	<u>\$ 143,220</u>
CAPITAL OUTLAY		
General Government	\$ 6,500	\$ 9,430
Police	79,000	5,409
Streets	69,300	3,620
	<u>\$ 154,800</u>	<u>\$ 18,459</u>
Total Expenditures	<u>\$ 4,060,760</u>	<u>\$ 4,563,577</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 55,165</u>	<u>\$ 326,440</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2020

	BUDGETED AMOUNTS <u>ORIGINAL AND FINAL</u>	<u>ACTUAL AMOUNTS</u>
Continued		
OTHER FINANCING SOURCES/(USES)		
Sale of Assets	\$ -	\$ 42,480
Transfers	-	(336,254)
	<u>\$ -</u>	<u>\$ (293,774)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 55,165</u>	\$ 32,666
FUND BALANCE - MAY 1, 2019		<u>2,232,799</u>
FUND BALANCE - APRIL 30, 2020		<u><u>\$ 2,265,465</u></u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND
YEAR ENDED APRIL 30, 2020

	<u>BUDGETED AMOUNTS ORIGINAL AND FINAL</u>	<u>ACTUAL AMOUNTS</u>
REVENUES		
Intergovernmental		
State Motor Fuel Tax	\$ 222,458	\$ 319,286
Other		
Interest	4,000	7,205
Total Revenues	<u>\$ 226,458</u>	<u>\$ 326,491</u>
EXPENDITURES	<u>\$ 45,000</u>	<u>\$ 41,815</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 181,458	\$ 284,676
OTHER FINANCING SOURCES/(USES)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 181,458</u>	\$ 284,676
FUND BALANCE - MAY 1, 2019		<u>476,515</u>
FUND BALANCE - APRIL 30, 2020		<u>\$ 761,191</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GO NOTE SERIES 2019 DEBT SERVICE FUND
YEAR ENDED APRIL 30, 2020

	BUDGETED AMOUNTS <u>ORIGINAL AND FINAL</u>	<u>ACTUAL AMOUNTS</u>
REVENUES		
Other		
Interest	\$ -	\$ 9,510
Total Revenues	<u>\$ -</u>	<u>\$ 9,510</u>
EXPENDITURES	<u>\$ -</u>	<u>900,366</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ (890,856)
OTHER FINANCING SOURCES/(USES)		
Transfer		\$ 107,672
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	\$ (783,184)
FUND BALANCE - MAY 1, 2019		<u>896,982</u>
FUND BALANCE - APRIL 30, 2020		<u><u>\$ 113,798</u></u>

VILLAGE OF LAKE VILLA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL CAPITAL FUND - CAPITAL PROJECTS FUND
YEAR ENDED APRIL 30, 2020

	BUDGETED AMOUNTS <u>ORIGINAL AND FINAL</u>	ACTUAL AMOUNTS <u>AMOUNTS</u>
REVENUES		
Local Taxes		
State Sales Tax	\$ 33,750	\$ 78,292
Local Use Taxes	13,855	38,378
Intergovernmental		
State Income Tax	44,033	112,195
Video Gaming	145,000	139,819
Other		
Rent - Water Tower	33,552	41,735
Grant Revenue	564,000	243,551
Other Revenues	1,100	32,265
Total Revenues	<u>\$ 835,290</u>	<u>\$ 686,235</u>
EXPENDITURES		
CAPITAL OUTLAY		
Maintenance - Streets		
General Government	\$ 167,449	\$ 983,984
Police	49,700	54,272
Streets	525,000	-
	<u>\$ 742,149</u>	<u>\$ 1,038,256</u>
DEBT SERVICE		
Principal	\$ -	\$ -
Interest	-	-
	<u>\$ -</u>	<u>\$ -</u>
Contingencies	\$ -	\$ -
Mansion	-	-
Total Expenditures	<u>\$ 742,149</u>	<u>\$ 1,038,256</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 93,141	\$ (352,021)
OTHER FINANCING SOURCES/(USES)		
Transfers	<u>-</u>	<u>204,254</u>
NET CHANGE IN FUND BALANCE	<u>\$ 93,141</u>	\$ (147,767)
FUND BALANCE - MAY 1, 2019		<u>\$ 1,570,681</u>
FUND BALANCE - APRIL 30, 2020		<u>\$ 1,422,914</u>

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2020

	Mansion Fund	Metra Fund	Liability Insurance Fund	Retirement Fund	Celebration of Summer Fund	Special Events Fund	Drug Seizure Fund	DUI Fund	Public Works Fleet Replacement Fund	Squad Car Fund	Park Capital Fund	Downtown TIF Fund	Business District #1 Fund	Total
ASSETS														
Cash and Cash Equivalents	\$ (46,074)	\$ 46,640	\$ 47,427	\$ 75,144	\$ 6,855	\$ (5,263)	\$ 16,814	\$ 24,165	\$ 36,837	\$ 99,354	\$ 173,848	\$ 287,463	\$ 286,234	\$ 1,049,444
Other Assets	-	-	-	-	-	-	-	-	-	-	-	250,000	-	250,000
Total Assets	<u>\$ (46,074)</u>	<u>\$ 46,640</u>	<u>\$ 47,427</u>	<u>\$ 75,144</u>	<u>\$ 6,855</u>	<u>\$ (5,263)</u>	<u>\$ 16,814</u>	<u>\$ 24,165</u>	<u>\$ 36,837</u>	<u>\$ 99,354</u>	<u>\$ 173,848</u>	<u>\$ 537,463</u>	<u>\$ 286,234</u>	<u>\$ 1,299,444</u>
LIABILITIES														
Refundable Deposits Due to Other Funds	\$ -	\$ 130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130
Total Liabilities	<u>\$ -</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ (5,000)</u>	<u>\$ 245,000</u>
FUND BALANCE														
Restricted	\$ -	\$ 46,510	\$ 47,427	\$ 75,144	\$ 6,437	\$ -	\$ 16,814	\$ 23,954	\$ -	\$ 99,170	\$ 97,896	\$ 206,918	\$ -	\$ 620,270
Assigned	-	-	-	-	418	-	-	211	36,837	184	75,952	80,545	291,234	485,381
Unassigned	(46,074)	-	-	-	-	(5,263)	-	-	-	-	-	-	-	(51,337)
Total Fund Balance	<u>\$ (46,074)</u>	<u>\$ 46,510</u>	<u>\$ 47,427</u>	<u>\$ 75,144</u>	<u>\$ 6,855</u>	<u>\$ (5,263)</u>	<u>\$ 16,814</u>	<u>\$ 24,165</u>	<u>\$ 36,837</u>	<u>\$ 99,354</u>	<u>\$ 173,848</u>	<u>\$ 287,463</u>	<u>\$ 291,234</u>	<u>\$ 1,054,314</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (46,074)</u>	<u>\$ 46,640</u>	<u>\$ 47,427</u>	<u>\$ 75,144</u>	<u>\$ 6,855</u>	<u>\$ (5,263)</u>	<u>\$ 16,814</u>	<u>\$ 24,165</u>	<u>\$ 36,837</u>	<u>\$ 99,354</u>	<u>\$ 173,848</u>	<u>\$ 537,463</u>	<u>\$ 286,234</u>	<u>\$ 1,299,444</u>

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VILLAGE OF LAKE VILLA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2020

	Mansion Fund	Metra Fund	Liability Insurance Fund	Retirement Fund	Celebration of Summer Fund	Special Events Fund	Drug Seizure Fund	DUI Fund	Public Works Fleet Replacement Fund	Squad Car Fund	Park Capital Fund	Downtown TIF Fund	Business District #1 Fund	Total
REVENUES														
Local Taxes														
Property Taxes	\$ -	\$ -	\$ 172,507	\$ 241,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,751	\$ -	\$ 573,881
Sales Tax	-	-	-	-	-	-	-	-	-	-	-	-	170,842	170,842
Fines														
DUI Fines	-	-	-	-	-	-	-	7,546	-	-	-	-	-	7,546
Other														
Interest	-	942	-	-	-	-	-	-	-	-	-	480	1,829	3,251
Rent	38,595	-	-	-	-	-	-	-	-	-	-	-	-	38,595
Parking Fees	-	32,441	-	-	-	-	-	-	-	-	-	-	-	32,441
Donations	-	-	-	-	23,724	-	-	-	-	-	-	-	-	23,724
Other Revenue	8,162	-	-	-	-	15,106	1,926	-	-	-	-	-	-	25,194
Total Revenues	\$ 46,757	\$ 33,383	\$ 172,507	\$ 241,623	\$ 23,724	\$ 15,106	\$ 1,926	\$ 7,546	\$ -	\$ -	\$ -	\$ 160,231	\$ 172,671	\$ 875,474
EXPENDITURES														
Current	\$ 91,535	\$ 22,267	\$ 235,960	\$ 237,204	\$ 24,703	\$ 21,286	\$ 2,640	\$ -	\$ -	\$ -	\$ -	\$ 70,644	\$ -	\$ 706,239
Capital Outlay	866	-	-	-	-	-	-	-	221,531	78,241	74,344	-	1,410	376,392
Total Expenses	\$ 92,401	\$ 22,267	\$ 235,960	\$ 237,204	\$ 24,703	\$ 21,286	\$ 2,640	\$ -	\$ 221,531	\$ 78,241	\$ 74,344	\$ 70,644	\$ 1,410	\$ 1,082,631
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (45,644)	\$ 11,116	\$ (63,453)	\$ 4,419	\$ (979)	\$ (6,180)	\$ (714)	\$ 7,546	\$ (221,531)	\$ (78,241)	\$ (74,344)	\$ 89,587	\$ 171,261	\$ (207,157)
OTHER FINANCING SOURCES/(USES)														
Proceeds from Sale of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,139	\$ 12,615	\$ -	\$ -	\$ -	\$ 23,754
Transfers	(4,976)	(4,976)	61,924	-	-	-	-	-	145,000	74,000	-	-	(107,672)	163,300
Total Other Financing Sources/(Uses)	\$ (4,976)	\$ (4,976)	\$ 61,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,139	\$ 86,615	\$ -	\$ -	\$ (107,672)	\$ 187,054
NET CHANGE IN FUND BALANCES	\$ (50,620)	\$ 6,140	\$ (1,529)	\$ 4,419	\$ (979)	\$ (6,180)	\$ (714)	\$ 7,546	\$ (65,392)	\$ 8,374	\$ (74,344)	\$ 89,587	\$ 63,589	\$ (20,103)
FUND BALANCES - MAY 1, 2019	4,546	40,370	48,956	70,725	7,834	917	17,528	16,619	102,229	90,980	248,192	197,876	227,645	1,074,417
FUND BALANCES - APRIL 30, 2020	\$ (46,074)	\$ 46,510	\$ 47,427	\$ 75,144	\$ 6,855	\$ (5,263)	\$ 16,814	\$ 24,165	\$ 36,837	\$ 99,354	\$ 173,848	\$ 287,463	\$ 291,234	\$ 1,054,314

See Accompanying Independent Auditor's Report

VILLAGE OF LAKE VILLA
NOTES TO SUPPLEMENTARY INFORMATION
APRIL 30, 2020

NOTE 1 - BUDGETS

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 was passed on July 15, 2019. Budget amounts reflected on the Schedules of Revenues, Expenditures, and Changes in Fund Balance – Modified Cash Basis – Budget and Actual reflect the Village's internal working budget amounts which are lower than legal budget amounts. Therefore, all funds operated within legal budgets.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2020, the following funds had expenditures that exceeded the budget:

Fund	Actual	Budget	Excess of Actual Over Budget
General Fund	\$ 4,563,577	\$ 4,060,760	\$ 502,817
Capital Projects Fund	1,038,256	742,149	296,107
GO Note Series 2019 Fund	900,366	-	900,366