

**VILLAGE OF FOX LAKE, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**APRIL 30, 2010**

# Village of Fox Lake, Illinois



Annual Financial Report  
Year Ended April 30, 2010

VILLAGE OF FOX LAKE, ILLINOIS  
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INDEPENDENT AUDITOR'S REPORT

The Honorable President  
Members of the Board of Trustees  
Village of Fox Lake, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Village of Fox Lake, Illinois (Village) as of and for the year ended April 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Fox Lake, Illinois. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Fox Lake, Illinois as of April 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information, which includes management's discussion and analysis (pages 2-8), budgetary information (pages 40-43), and supplemental financial information (page 44) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board or by contractual agreement with its bond holders. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Milburn Cain & Co.*

MILBURN CAIN & CO.  
Certified Public Accountants

Gurnee, Illinois  
November 1, 2010

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REQUIRED SUPPLEMENTARY INFORMATION

# VILLAGE OF FOX LAKE, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2010

As management of Village of Fox Lake, Illinois (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, 2010. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the Village exceed its liabilities at April 30, 2010 by \$94,057,352 (total net assets). Of this amount, \$19,056,717 may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net assets increased \$807,506 from current year activities.
- At April 30, 2010, the Village's governmental funds reported combined ending fund balances of \$1,682,250, a decrease from current year activities of \$68,398.
- At April 30, 2010, the unreserved fund balance for the General Fund was \$941,786, or 11 percent of total General Fund expenditures.
- The Village's total long-term debt decreased by \$686,523 due to scheduled repayments of long-term debt in both governmental and business-type activities.

### 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. Both perspectives (government-wide and fund level financial statements) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

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 business.

The Statement of Net Assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating when comparing year to year results.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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, public safety, public works, and parks and recreation. The business-type activities of the Village include water and sewer, water reclamation, and commuter parking.

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

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

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

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

The Village maintains three individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Fire Protection Fund, each as major funds, and for the Tax Increment Financing Fund as a non-major fund. The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

*Proprietary Funds.* The Village maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village's enterprise funds are the Water and Sewer, Northwest Region Water Reclamation, and Commuter Parking Lot Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village's internal service fund is the Motor Pool Fund. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

*Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village's fiduciary funds include the Police Pension Trust Fund and Firefighter's Pension Trust Fund.

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 39 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's appropriation to actual for the General Fund and major special revenue funds. Required supplementary information can be found on pages 40 through 43 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$94,057,352 at April 30, 2010.

By far, the largest portion of the Village's net assets (78 percent) reflects its investment in capital assets (e.g., land, construction in progress, buildings, and equipment); 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 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 Fox Lake, Illinois' Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	4/30/2010	4/30/2009	4/30/2010	4/30/2009	4/30/2010	4/30/2009
Current and Other Assets	\$ 5,324,685	\$ 5,586,253	\$ 20,376,182	\$ 25,202,162	\$ 25,700,867	\$ 30,788,415
Capital Assets	32,818,645	34,012,547	49,074,240	43,025,376	81,892,885	77,037,923
Total Assets	\$ 38,143,330	\$ 39,598,800	\$ 69,450,422	\$ 68,227,538	\$ 107,593,752	\$ 107,826,338
Current Liabilities	\$ 3,690,549	\$ 4,330,485	\$ 759,667	\$ 961,271	\$ 4,450,216	\$ 5,291,756
Long-Term Liabilities	4,153,658	4,089,274	4,932,526	4,842,069	9,086,184	8,931,343
Total Liabilities	\$ 7,844,207	\$ 8,419,759	\$ 5,692,193	\$ 5,803,340	\$ 13,536,400	\$ 14,223,099
Net Assets						
Invested in Capital Assets, Net of Related Debt	\$ 29,118,844	\$ 29,861,310	\$ 44,245,284	\$ 37,961,333	\$ 73,364,128	\$ 67,822,643
Restricted	653,263	496,832	983,244	723,009	1,636,507	1,219,841
Unrestricted	527,016	820,899	18,529,701	23,739,856	19,056,717	24,560,755
Total Net Assets	\$ 30,299,123	\$ 31,179,041	\$ 63,758,229	\$ 62,424,198	\$ 94,057,352	\$ 93,603,239

An additional portion of the Village's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used (e.g. Motor Fuel Tax, Retirement, Debt Service). The remaining balance of unrestricted net assets (\$19,056,717) may be used to meet the Village's ongoing obligations to citizens and creditors.

**Governmental Activities.** Governmental activities decreased the Village's net assets by \$655,965 (excluding a net assets adjustment). Key differences from the prior year are as follows:

**Village of Fox Lake, Illinois' Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	4/30/2010	4/30/2009	4/30/2010	4/30/2009	4/30/2010	4/30/2009
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 2,359,701	\$ 4,005,543	\$ 8,495,692	\$ 7,823,200	\$ 10,855,393	\$ 11,828,743
Operating Grants and Contributions	6,368	291,715	-	-	6,368	291,715
Capital Grants and Contributions	-	129,288	-	-	-	129,288
General Revenues						
Property Taxes	3,284,881	3,052,894	-	-	3,284,881	3,052,894
Sales and Use Taxes	2,531,356	2,564,783	-	-	2,531,356	2,564,783
Other Taxes	1,412,241	1,648,546	-	-	1,412,241	1,648,546
Other	2,479	95,594	260,543	354,363	263,022	449,957
<b>Total Revenues</b>	<b>\$ 9,597,026</b>	<b>\$ 11,788,363</b>	<b>\$ 8,756,235</b>	<b>\$ 8,177,563</b>	<b>\$ 18,353,261</b>	<b>\$ 19,965,926</b>
<b>Expenses</b>						
General Government	\$ 1,731,291	\$ 1,666,605	\$ -	\$ -	\$ 1,731,291	\$ 1,666,605
Public Safety	5,803,698	7,287,340	-	-	5,803,698	7,287,340
Public Works	2,260,829	2,636,570	-	-	2,260,829	2,636,570
Parks and Recreation	231,398	264,314	-	-	231,398	264,314
Interest and Fees	188,085	205,225	-	-	188,085	205,225
Water and Sewer	-	-	2,398,219	2,277,274	2,398,219	2,277,274
Water Reclamation	-	-	4,801,581	5,015,756	4,801,581	5,015,756
Commuter Parking	-	-	100,047	123,175	100,047	123,175
<b>Total Expenses</b>	<b>\$ 10,215,301</b>	<b>\$ 12,060,054</b>	<b>\$ 7,299,847</b>	<b>\$ 7,416,205</b>	<b>\$ 17,515,148</b>	<b>\$ 19,476,259</b>
<b>Increase/(Decrease) in Net Assets</b>						
Before Transfers	\$ (618,275)	\$ (271,691)	\$ 1,456,388	\$ 761,358	\$ 838,113	\$ 489,667
Gain/(Loss) on Sale of Capital Assets	(37,690)	-	7,083	-	(30,607)	-
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ (655,965)</b>	<b>\$ (271,691)</b>	<b>\$ 1,463,471</b>	<b>\$ 761,358</b>	<b>\$ 807,506</b>	<b>\$ 489,667</b>
Net Assets Beginning of Year	31,179,041	31,450,732	62,424,198	61,662,840	93,603,239	93,113,572
Net Assets Adjustment	(223,953)	-	(129,440)	-	(353,393)	-
<b>Net Assets End of Year</b>	<b>\$ 30,299,123</b>	<b>\$ 31,179,041</b>	<b>\$ 63,758,229</b>	<b>\$ 62,424,198</b>	<b>\$ 94,057,352</b>	<b>\$ 93,603,239</b>

A decrease in Charges for Services is the most significant change in revenues. Charges for Services decreased mostly due to changes in the way the fire protection revenues are accounted for. In the prior year, the Village received ambulance fees and contract revenue from the Fire Protection District. The Village then paid the related fire protection expenses. Now the Fire Protection District pays the expenses directly and, therefore, the revenue is reported directly to the Fire Protection District.

Public Safety expenses decreased due to the Fire Protection District paying the majority of expenses in the current year, as mentioned earlier. Public Works expenses also decreased from the prior year. This decrease is due mostly to a decrease in projects using motor fuel tax funding, therefore, the motor fuel tax reserved fund balance increased from the prior year by \$161,655.

Other revenues and expenses remained relatively consistent with the prior year.

**Business-Type Activities.** Business-type activities increased the Village's net assets by \$1,463,471 (excluding a net assets adjustment). Charges for Services in the Northwest Region Water Reclamation Fund increased because the 2009 revenues were reduced by a 2008 overpayment. For the most part, all other increases in revenues and expenses for the business-type activities closely paralleled inflation and growth in the demand for services.

**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, unreserved 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, 2010, the Village's governmental funds reported combined ending fund balances of \$1,682,250, a decrease of \$68,398 in comparison with the prior year (excluding fund balance adjustments). Approximately 61 percent of this total amount constitutes unreserved fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for specific restricted purposes.

The General Fund is the chief operating fund of the Village. At April 30, 2010, the fund balance of the General Fund was \$1,595,049, of which \$941,786 was unreserved. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 11 percent of total General Fund expenditures.

The General Fund fund balance decreased \$95,128 during the year ended April 30, 2010 (excluding fund balance adjustments) due to the extent that ongoing expenses exceeded ongoing revenues.

Other significant highlights in the governmental funds for the year ended April 30, 2010 are outlined below:

- As mentioned previously, a significant portion of the revenues and expense of the Fire Protection Fund are now reported directly on the Fire Protection District's books instead of on the Village's books.
- The Tax Increment Financing Fund's revenues and expenses were consistent with the prior year.

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

**Fiduciary Funds (Police and Fire Pension).** Pension Fund net assets increased from \$7,116,983 as of April 30, 2009 to \$8,636,167 as of April 30, 2010. This increase was due mostly to an increase in fair value of investments of \$706,833. Approximately \$613,700 was added to the Fund through employer and member contributions. Significant investment earnings reduce the Village's required contribution to the Pension Fund.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village's budget was not amended during the year ended April 30, 2010. The General Fund budgeted revenue exceeded actual revenue by \$649,337. This difference was mostly due to less than expected charges for services and state sales tax. Budgeted expenditures exceeded actual expenditures by \$1,414,359. The majority of this difference was due to less than expected Public Safety, Public Works, and Debt Service expenditures.

## **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, 2010 amounts to \$81,892,885 (net of accumulated depreciation). This investment includes land, construction in progress, buildings and improvements, equipment, vehicles, water/sewer systems, and infrastructure.

**Village of Fox Lake, Illinois' Capital Assets (net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	4/30/2010	4/30/2009	4/30/2010	4/30/2009	4/30/2010	4/30/2009
Land	\$ 12,232,988	\$ 12,254,707	\$ 698,468	\$ 642,368	\$ 12,931,456	\$ 12,897,075
Construction in Progress	-	-	10,306,100	3,365,254	10,306,100	3,365,254
Buildings and Improvements	5,363,366	5,546,301	15,105,494	15,727,600	20,468,860	21,273,901
Water/Sewer System	-	-	19,530,514	20,217,007	19,530,514	20,217,007
Vehicles and Equipment	2,725,116	3,146,114	3,433,664	3,073,147	6,158,780	6,219,261
Infrastructure	12,497,175	13,065,425	-	-	12,497,175	13,065,425
<b>Total</b>	<b>\$ 32,818,645</b>	<b>\$ 34,012,547</b>	<b>\$ 49,074,240</b>	<b>\$ 43,025,376</b>	<b>\$ 81,892,885</b>	<b>\$ 77,037,923</b>

Major capital asset events during the year ended April 30, 2010 included the following:

- Construction in Progress additions of \$6,940,846 for plant expansion I, plant expansion II, and an outfall structure/pipe project within the Northwest Region Water Reclamation Fund.
- Vehicles and Equipment additions for business-type activities of \$728,673 (including a primary clarifier recondition, wheel loader, and a Ford F450).

For further information, please see Note 3 on pages 27 and 28 of this report.

**Long-Term Debt.** At April 30, 2010, the Village had total debt outstanding of \$8,528,757.

**Village of Fox Lake, Illinois' Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	4/30/2010	4/30/2009	4/30/2010	4/30/2009	4/30/2010	4/30/2009
Debt Certificates	\$ 1,992,899	\$ 2,280,232	\$ 2,355,000	\$ 2,480,000	\$ 4,347,899	\$ 4,760,232
Bonds	1,706,902	1,871,005	2,605,000	2,775,000	4,311,902	4,646,005
Notes Payable	-	-	44,000	-	44,000	-
Deferred Loss on Refunding	-	-	(175,044)	(190,957)	(175,044)	(190,957)
<b>Total</b>	<b>\$ 3,699,801</b>	<b>\$ 4,151,237</b>	<b>\$ 4,828,956</b>	<b>\$ 5,064,043</b>	<b>\$ 8,528,757</b>	<b>\$ 9,215,280</b>

State statutes limit the amount of general obligation debt a non-home rule governmental Village may issue to 8.625% of its equalized assessed valuation. The current debt limitation for the Village is \$31,597,034, which is significantly in excess of the Village's outstanding general obligation debt. Additional information on the Village's long-term debt can be found in note 4 on pages 28 through 31 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Due to the state of the economy, 2010 was a very difficult year for the Village of Fox Lake. The Village is very concerned with the amount of revenue that it will receive from sales taxes as receipts continue to lag behind prior years. Further, the Village has not received any income tax payments since January 1, 2010 as of September 30<sup>th</sup>. At June 30, 2010, the Village was owed \$457,436 in state income taxes.

The citizens and businesses of the Village have had to withstand tremendous hardships this past and present fiscal year. The Village has had two car dealerships close their doors. There are only two new car dealerships remaining. Sales of large ticket items such as boats and cars have declined. Unemployment is up and property values are down. Consumer confidence is down, which has an adverse effect upon spending. Sales tax collections are down drastically. In fact, the sales taxes received in 2010 were the lowest since the year 2002. The poor economy has had a negative effect upon the Fox-Chain O'Lakes. This region is a prime recreational area enjoyed by many people in the Chicago land area. The decline of use by many people of this recreational playground has had a very dramatic impact upon the livelihood of the many businesses on the lakes.

The Village Board of Trustees wrestled with the ideas of finding new sources of revenue to overcome the loss of sales and state income taxes. They recognized the residents' plight and sympathized with them. In time they made a decision to implement a utility tax, an increase in telecommunication taxes and raise fees. Additionally, a "red flex" camera system was installed at the corner of Routes 12 and 134. Management believes that this system will generate an additional \$120,000 in revenue. The Village of Fox Lake entered into a contract with Lake County for sewage disposal. Included in this agreement is an "Externality Fee" that the Village would receive. This fee is due to the disproportionate impact such as odor and potential health risks that result from having a sewer treatment plant located within the Village limits. This fee is expected to generate approximately \$135,000. It is hoped that these new taxes and fees will help stabilize the financial condition of the Village. In addition, the Village took steps in 2009 to control spending by reducing staff and controlling costs such as overtime.

Unfortunately, growth is slow. There has been a small influx of businesses into the Village. These small owner-operated businesses are striving to exist in a business climate that is very difficult. Thomas Place, a 100-unit senior housing project was built and occupied in 2010. This is a positive influence for the Village. There are efforts to bring future business to Fox Lake. A number of developers have been invited to look at the Village for potential development projects. They are excited about the prospects of these projects; however, the financial situation dampens the spirit of investing. Hopefully, these investors will begin to see a brighter future and invest in the Village of Fox Lake.

### **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 Fox Lake, 66 Thillen Drive, Fox Lake, Illinois, 60020.

BASIC FINANCIAL STATEMENTS

VILLAGE OF FOX LAKE, ILLINOIS  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF NET ASSETS  
 APRIL 30, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 681,358	\$ 12,099,365	\$ 12,780,723
Deposit with Paying Agent	-	130,000	130,000
Investments	-	5,895,669	5,895,669
Prepaid Expenses	127,027	121,517	248,544
Inventory, at cost	70,941	-	70,941
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Accounts Receivable	134,683	615,816	750,499
Property Taxes	3,155,725	-	3,155,725
Accrued Interest	-	366,215	366,215
Due from Other Governmental Units	1,125,701	-	1,125,701
Other Receivables	29,250	-	29,250
Restricted Assets			
Cash and Cash Equivalents	-	808,244	808,244
Deposit with Paying Agent	-	175,000	175,000
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	12,232,988	11,004,568	23,237,556
Other Capital Assets, Net of Depreciation	20,585,657	38,069,672	58,655,329
Unamortized Bond Cost (Net of Related Amortization)	-	164,356	164,356
<b>TOTAL ASSETS</b>	<b>\$ 38,143,330</b>	<b>\$ 69,450,422</b>	<b>\$ 107,593,752</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 344,175	\$ 725,552	\$ 1,069,727
Accrued Expenses	139,485	34,115	173,600
Overdrafts	37,148	-	37,148
Deferred Revenue	3,155,725	-	3,155,725
Due to Depositors	680	-	680
Other Payables	13,336	-	13,336
Non-Current Liabilities			
Due Within One Year	437,497	311,087	748,584
Due in More Than One Year	3,716,161	4,621,439	8,337,600
<b>TOTAL LIABILITIES</b>	<b>\$ 7,844,207</b>	<b>\$ 5,692,193</b>	<b>\$ 13,536,400</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$ 29,118,844	\$ 44,245,284	\$ 73,364,128
Restricted for:			
Drug Seizure	2,573	-	2,573
Charitable Games	14,328	-	14,328
DUI	29,921	-	29,921
Parks	28,312	-	28,312
Motor Fuel Tax	254,406	-	254,406
Garbage	43,244	-	43,244
Retirement	97,741	-	97,741
Insurance	182,738	-	182,738
Debt Service	-	983,244	983,244
Unrestricted/(Deficit)	527,016	18,529,701	19,056,717
<b>TOTAL NET ASSETS</b>	<b>\$ 30,299,123</b>	<b>\$ 63,758,229</b>	<b>\$ 94,057,352</b>

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

VILLAGE OF FOX LAKE, ILLINOIS  
 GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED APRIL 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$ 1,731,291	\$ 993,818	\$ 5,523	\$ -
Public Safety	5,803,698	622,453	-	-
Public Works	2,260,829	652,979	-	-
Parks and Recreation	231,398	90,451	845	-
Interest and Fees on Long-Term Debt	188,085	-	-	-
	<u>\$ 10,215,301</u>	<u>\$ 2,359,701</u>	<u>\$ 6,368</u>	<u>\$ -</u>
<b>Business-Type Activities</b>				
Water and Sewer	\$ 2,398,219	\$ 2,741,921	\$ -	\$ -
Water Reclamation	4,801,581	5,593,714	-	-
Commuter Parking	100,047	160,057	-	-
	<u>\$ 7,299,847</u>	<u>\$ 8,495,692</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Primary Government</b>	<u>\$ 17,515,148</u>	<u>\$ 10,855,393</u>	<u>\$ 6,368</u>	<u>\$ -</u>

General Revenues  
 Taxes  
 Property Tax, Levied for General Purposes  
 State Sales Tax  
 State Income Tax  
 State Motor Fuel Tax  
 Other Taxes  
 Unrestricted Investment Earnings  
 Gain/(Loss) on Sale of Capital Assets  
 Total General Revenues and Transfers

Change in Net Assets

Net Assets - May 1, 2009

Net Assets Adjustment (Note 18)

Net Assets - April 30, 2010

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

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (731,950)	\$ -	\$ (731,950)
(5,181,245)	-	(5,181,245)
(1,607,850)	-	(1,607,850)
(140,102)	-	(140,102)
(188,085)	-	(188,085)
<u>\$ (7,849,232)</u>	<u>\$ -</u>	<u>\$ (7,849,232)</u>
\$ -	\$ 343,702	\$ 343,702
-	792,133	792,133
-	60,010	60,010
<u>\$ -</u>	<u>\$ 1,195,845</u>	<u>\$ 1,195,845</u>
<u>\$ (7,849,232)</u>	<u>\$ 1,195,845</u>	<u>\$ (6,653,387)</u>
\$ 3,284,881	\$ -	\$ 3,284,881
2,531,356	-	2,531,356
811,981	-	811,981
270,011	-	270,011
330,249	-	330,249
2,479	260,543	263,022
(37,690)	7,083	(30,607)
<u>\$ 7,193,267</u>	<u>\$ 267,626</u>	<u>\$ 7,460,893</u>
\$ (655,965)	\$ 1,463,471	\$ 807,506
31,179,041	62,424,198	93,603,239
(223,953)	(129,440)	(353,393)
<u>\$ 30,299,123</u>	<u>\$ 63,758,229</u>	<u>\$ 94,057,352</u>

VILLAGE OF FOX LAKE, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 APRIL 30, 2010

	General Fund	Fire Protection Fund	Non-Major Tax Increment Financing Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 586,577	\$ 4,967	\$ 89,814	\$ 681,358
Prepaid Expenses	127,027	-	-	127,027
Receivables (Net of Allowance for Estimated Uncollectible Amounts)				
Accounts Receivable	131,924	-	-	131,924
Property Taxes	2,026,445	1,129,280	-	3,155,725
Due from Other Governmental Units	1,125,701	-	-	1,125,701
Due from Other Funds	1,185	-	-	1,185
Other Receivables	29,250	-	-	29,250
<b>TOTAL ASSETS</b>	<b>\$ 4,028,109</b>	<b>\$ 1,134,247</b>	<b>\$ 89,814</b>	<b>\$ 5,252,170</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 334,955	\$ 5,182	\$ 155	\$ 340,292
Accrued Expenses	57,644	1,058	-	58,702
Due to Other Funds	-	-	1,185	1,185
Deferred Revenue	2,026,445	1,129,280	-	3,155,725
Due to Depositors	680	-	-	680
Other Payables	13,336	-	-	13,336
<b>TOTAL LIABILITIES</b>	<b>\$ 2,433,060</b>	<b>\$ 1,135,520</b>	<b>\$ 1,340</b>	<b>\$ 3,569,920</b>
<b>FUND BALANCES</b>				
Reserved for:				
Drug Seizure	\$ 2,573	\$ -	\$ -	\$ 2,573
Charitable Games	14,328	-	-	14,328
DUI	29,921	-	-	29,921
Parks	28,312	-	-	28,312
Motor Fuel Tax	254,406	-	-	254,406
Garbage	43,244	-	-	43,244
Retirement	97,741	-	-	97,741
Insurance	182,738	-	-	182,738
Unreserved	941,786	(1,273)	-	940,513
Unreserved, reported in nonmajor:				
Special Revenue Funds	-	-	88,474	88,474
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,595,049</b>	<b>\$ (1,273)</b>	<b>\$ 88,474</b>	<b>\$ 1,682,250</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,028,109</b>	<b>\$ 1,134,247</b>	<b>\$ 89,814</b>	<b>\$ 5,252,170</b>

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

VILLAGE OF FOX LAKE, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 APRIL 30, 2010

Total Fund Balances - Governmental Funds		\$ 1,682,250
Amounts reported for governmental activities in the Statement of Net Assets 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		32,816,997
Net Pension Obligation is not included in the governmental funds.		(171,383)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable	\$ (3,699,801)	
Compensated Absences	(270,416)	
Accrued Interest on Long-Term Debt	<u>(78,480)</u>	
		(4,048,697)
Internal service funds are used by the Village to charge the cost of vehicle and equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide Statement of Net Assets.		<u>19,956</u>
Net Assets of Governmental Activities		<u><u>\$ 30,299,123</u></u>

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

VILLAGE OF FOX LAKE, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED APRIL 30, 2010

	General Fund	Fire Protection Fund	Non-Major Tax Increment Financing Fund	Total Governmental Funds
<b>REVENUES</b>				
Local Taxes				
Property Tax	\$ 2,117,515	\$ 1,126,081	\$ 41,285	\$ 3,284,881
Intergovernmental				
State Sales Tax	2,531,356	-	-	2,531,356
State Income Tax	811,981	-	-	811,981
State Replacement Tax	57,444	-	-	57,444
State Motor Fuel Tax	270,011	-	-	270,011
Hotel/Motel Tax	12,497	-	-	12,497
State Pull Tab/Games Tax	2,659	-	-	2,659
Auto Rental Tax	31	-	-	31
State Telecommunications Tax	257,618	-	-	257,618
State Grants	4,200	-	-	4,200
Federal Grants	557	-	-	557
Other Local Sources				
Franchise Fees	131,464	-	-	131,464
Licenses and Permits	364,230	-	-	364,230
Fines and Forfeitures	142,071	-	-	142,071
Charges for Services	1,575,714	19,004	-	1,594,718
Interest	2,466	-	13	2,479
Miscellaneous				
Donations	1,611	-	-	1,611
Impact Fees	22,000	-	-	22,000
Other Miscellaneous	21,618	11,183	-	32,801
	<u>\$ 8,327,043</u>	<u>\$ 1,156,268</u>	<u>\$ 41,298</u>	<u>\$ 9,524,609</u>
<b>EXPENDITURES</b>				
Current				
General Government	\$ 1,680,830	\$ -	\$ 5,472	\$ 1,686,302
Public Safety	4,022,430	1,236,029	-	5,258,459
Public Works	1,788,574	-	-	1,788,574
Parks and Recreation	190,062	-	-	190,062
Capital Outlay	39,296	816	-	40,112
Debt Service				
Principal	451,436	-	-	451,436
Interest and Fees	186,592	-	-	186,592
	<u>\$ 8,359,220</u>	<u>\$ 1,236,845</u>	<u>\$ 5,472</u>	<u>\$ 9,601,537</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (32,177)</u>	<u>\$ (80,577)</u>	<u>\$ 35,826</u>	<u>\$ (76,928)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Transfers	\$ (70,000)	\$ 70,000	\$ -	\$ -
Sale of Village Property	7,049	1,481	-	8,530
	<u>\$ (62,951)</u>	<u>\$ 71,481</u>	<u>\$ -</u>	<u>\$ 8,530</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ (95,128)	\$ (9,096)	\$ 35,826	\$ (68,398)
<b>FUND BALANCES - MAY 1, 2009</b>	1,718,442	7,823	52,648	1,778,913
<b>FUND BALANCE ADJUSTMENT (Note 18)</b>	<u>(28,265)</u>	<u>-</u>	<u>-</u>	<u>(28,265)</u>
<b>FUND BALANCES - APRIL 30, 2010</b>	<u>\$ 1,595,049</u>	<u>\$ (1,273)</u>	<u>\$ 88,474</u>	<u>\$ 1,682,250</u>

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

VILLAGE OF FOX LAKE, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED APRIL 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (68,398)

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Depreciation Expense	\$ (960,350)	
Capital Outlays	<u>10,532</u>	(949,818)

In the Statement of Activities, 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 assets differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Proceeds from Sale of Capital Assets	\$ (8,530)	
Gain/(Loss) on Sale of Capital Assets	<u>(37,690)</u>	(46,220)

The change in the Net Pension Obligation is not included in the governmental funds. (3,173)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Long-Term Debt	\$ (1,493)	
Compensated Absences	<u>(6,801)</u>	(8,294)

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, but the repayment reduces long-term liabilities in the Statement of Net Assets and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		451,436
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Internal service funds are used by the Village to charge the cost of vehicle and equipment maintenance to individual funds. The change in net assets of the internal service funds is reported with governmental activities in the government-wide Statement of Activities.

(31,498)

Change in Net Assets of Governmental Activities

\$ (655,965)

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

VILLAGE OF FOX LAKE, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 APRIL 30, 2010

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Water and Sewer Fund	Northwest Region Water Reclamation Fund	Non-Major Commuter Parking Lot Fund		Activities Internal Service Fund
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 1,198,886	\$ 10,696,527	\$ 203,952	\$ 12,099,365	\$ -
Deposit with Paying Agent	130,000	-	-	130,000	-
Investments	297,523	5,598,146	-	5,895,669	-
Prepaid Expenses	39,679	69,438	12,400	121,517	-
Inventory	-	-	-	-	70,941
Receivables (Net of Allowance for Estimated Uncollectible Amounts)					
Accounts Receivable	381,265	234,551	-	615,816	2,759
Accrued Interest	-	366,215	-	366,215	-
	<u>\$ 2,047,353</u>	<u>\$ 16,964,877</u>	<u>\$ 216,352</u>	<u>\$ 19,228,582</u>	<u>\$ 73,700</u>
<b>Non-Current Assets</b>					
<b>Restricted Assets</b>					
Cash and Cash Equivalents	\$ 808,244	\$ -	\$ -	\$ 808,244	\$ -
Deposit with Paying Agent	175,000	-	-	175,000	-
<b>Capital Assets</b>					
Non-Depreciable Capital Assets	1,110,062	9,748,656	145,850	11,004,568	-
Depreciable Capital Assets	20,250,123	46,484,644	741,137	67,475,904	23,947
Less: Accumulated Depreciation	(7,733,392)	(21,128,292)	(544,548)	(29,406,232)	(22,299)
Unamortized Bond Cost (Net of Related Amortization)	164,356	-	-	164,356	-
	<u>\$ 14,774,393</u>	<u>\$ 35,105,008</u>	<u>\$ 342,439</u>	<u>\$ 50,221,840</u>	<u>\$ 1,648</u>
<b>TOTAL ASSETS</b>	<u>\$ 16,821,746</u>	<u>\$ 52,069,885</u>	<u>\$ 558,791</u>	<u>\$ 69,450,422</u>	<u>\$ 75,348</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 162,769	\$ 559,773	\$ 3,010	\$ 725,552	\$ 3,883
Accrued Expenses	9,368	24,708	39	34,115	2,303
Overdrafts	-	-	-	-	37,148
Debt Certificates Payable	130,000	-	-	130,000	-
Bonds Payable	159,087	-	-	159,087	-
Notes Payable	22,000	-	-	22,000	-
	<u>\$ 483,224</u>	<u>\$ 584,481</u>	<u>\$ 3,049</u>	<u>\$ 1,070,754</u>	<u>\$ 43,334</u>
<b>Non-Current Liabilities</b>					
Compensated Absences	\$ 21,549	\$ 82,021	\$ -	\$ 103,570	\$ 12,058
Debt Certificates Payable	2,225,000	-	-	2,225,000	-
Bonds Payable	2,270,869	-	-	2,270,869	-
Notes Payable	22,000	-	-	22,000	-
	<u>\$ 4,539,418</u>	<u>\$ 82,021</u>	<u>\$ -</u>	<u>\$ 4,621,439</u>	<u>\$ 12,058</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 5,022,642</u>	<u>\$ 666,502</u>	<u>\$ 3,049</u>	<u>\$ 5,692,193</u>	<u>\$ 55,392</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	\$ 8,797,837	\$ 35,105,008	\$ 342,439	\$ 44,245,284	\$ 1,648
Restricted for:					
Debt Service	983,244	-	-	983,244	-
Unrestricted/(Deficit)	<u>2,018,023</u>	<u>16,298,375</u>	<u>213,303</u>	<u>18,529,701</u>	<u>18,308</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 11,799,104</u>	<u>\$ 51,403,383</u>	<u>\$ 555,742</u>	<u>\$ 63,758,229</u>	<u>\$ 19,956</u>

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

VILLAGE OF FOX LAKE, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 YEAR ENDED APRIL 30, 2010

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities Internal Service Fund
	Water and Sewer Fund	Northwest Region Water Reclamation Fund	Non-Major Commuter Parking Lot Fund		
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 2,741,921	\$ 5,593,714	\$ 160,057	\$ 8,495,692	\$ 72,417
Interfund Services	-	-	-	-	232,863
	<u>\$ 2,741,921</u>	<u>\$ 5,593,714</u>	<u>\$ 160,057</u>	<u>\$ 8,495,692</u>	<u>\$ 305,280</u>
<b>OPERATING EXPENSES</b>					
Administration	\$ 84,150	\$ 225,000	\$ 14,850	\$ 324,000	\$ -
Operations	1,615,157	3,271,276	67,648	4,954,081	334,601
Depreciation	443,053	1,305,305	17,549	1,765,907	2,177
Amortization	30,103	-	-	30,103	-
	<u>\$ 2,172,463</u>	<u>\$ 4,801,581</u>	<u>\$ 100,047</u>	<u>\$ 7,074,091</u>	<u>\$ 336,778</u>
<b>OPERATING INCOME/(LOSS)</b>	<u>\$ 569,458</u>	<u>\$ 792,133</u>	<u>\$ 60,010</u>	<u>\$ 1,421,601</u>	<u>\$ (31,498)</u>
<b>NON-OPERATING REVENUE/(EXPENSE)</b>					
Interest Income	\$ 9,045	\$ 251,414	\$ 84	\$ 260,543	\$ -
Interest Expense	(225,756)	-	-	(225,756)	-
Gain/(Loss) on Disposal of Assets	-	6,376	707	7,083	-
	<u>\$ (216,711)</u>	<u>\$ 257,790</u>	<u>\$ 791</u>	<u>\$ 41,870</u>	<u>\$ -</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 352,747</u>	<u>\$ 1,049,923</u>	<u>\$ 60,801</u>	<u>\$ 1,463,471</u>	<u>\$ (31,498)</u>
<b>NET ASSETS - MAY 1, 2009</b>	11,585,262	50,343,995	494,941	62,424,198	51,454
<b>NET ASSETS ADJUSTMENT (Note 18)</b>	<u>(138,905)</u>	<u>9,465</u>	<u>-</u>	<u>(129,440)</u>	<u>-</u>
<b>NET ASSETS - APRIL 30, 2010</b>	<u>\$ 11,799,104</u>	<u>\$ 51,403,383</u>	<u>\$ 555,742</u>	<u>\$ 63,758,229</u>	<u>\$ 19,956</u>

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

VILLAGE OF FOX LAKE, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED APRIL 30, 2010

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities
	Water and Sewer Fund	Northwest Region Water Reclamation Fund	Non-Major Commuter Parking Lot Fund		Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 2,865,645	\$ 5,444,768	\$ 160,057	\$ 8,470,470	\$ 69,658
Receipts from Other Funds for Services	-	-	-	-	232,863
Payments to Suppliers for Goods and Services	(1,005,608)	(1,674,187)	(59,337)	(2,739,132)	(148,593)
Payments to Employees for Services	(572,643)	(1,428,631)	(13,107)	(2,014,381)	(202,611)
Payments to Other Funds for Services	(105,391)	(236,885)	(19,174)	(361,450)	-
Other Receipts/(Payments)	(10,000)	-	-	(10,000)	-
Net Cash Provided/(Used) by Operating Activities	<u>\$ 1,172,003</u>	<u>\$ 2,105,065</u>	<u>\$ 68,439</u>	<u>\$ 3,345,507</u>	<u>\$ (48,683)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the Sale of Capital Assets	\$ -	\$ 6,376	\$ 707	\$ 7,083	\$ -
Purchase of Capital Assets	(672,537)	(7,086,135)	-	(7,758,672)	-
Interest Paid on Capital Debt	(225,756)	-	-	(225,756)	-
Principal Paid on Capital Debt	(317,000)	-	-	(317,000)	-
Other Receipts/(Payments)	18,800	9,465	-	28,265	-
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (1,196,493)</u>	<u>\$ (7,070,294)</u>	<u>\$ 707</u>	<u>\$ (8,266,080)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on Cash and Cash Equivalents and Investments	\$ 9,045	\$ 142,637	\$ 84	\$ 151,766	\$ -
Purchase/Reclassification of Investments	(297,523)	(5,598,146)	-	(5,895,669)	-
Net Cash Provided/(Used) by Investing Activities	<u>\$ (288,478)</u>	<u>\$ (5,455,509)</u>	<u>\$ 84</u>	<u>\$ (5,743,903)</u>	<u>\$ -</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (312,968)</u>	<u>\$ (10,420,738)</u>	<u>\$ 69,230</u>	<u>\$ (10,664,476)</u>	<u>\$ (48,683)</u>
<b>CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2009</b> (INCLUDING RESTRICTED CASH AND OVERDRAFTS)	<u>2,320,098</u>	<u>21,117,265</u>	<u>134,722</u>	<u>23,572,085</u>	<u>11,535</u>
<b>CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2010</b> (INCLUDING RESTRICTED CASH AND OVERDRAFTS)	<u>\$ 2,007,130</u>	<u>\$ 10,696,527</u>	<u>\$ 203,952</u>	<u>\$ 12,907,609</u>	<u>\$ (37,148)</u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>					
Operating Income/(Loss)	\$ 569,458	\$ 792,133	\$ 60,010	\$ 1,421,601	\$ (31,498)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation Expense	443,053	1,305,305	17,549	1,765,907	2,177
Amortization Expense	30,103	-	-	30,103	-
Change in assets and liabilities:					
Deposit with Paying Agent	(10,000)	-	-	(10,000)	-
Inventory	-	-	-	-	(709)
Accounts Receivable	123,724	(32,353)	-	91,371	(2,759)
Prepaid Expenses	(26,982)	(41,134)	(9,300)	(77,416)	-
Accounts Payable	56,115	216,639	925	273,679	(8,131)
Accrued Expenses	(13,015)	(31,673)	(745)	(45,433)	(6,858)
Due to Other Governmental Units	-	(116,593)	-	(116,593)	-
Compensated Absences	(453)	12,741	-	12,288	(905)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 1,172,003</u>	<u>\$ 2,105,065</u>	<u>\$ 68,439</u>	<u>\$ 3,345,507</u>	<u>\$ (48,683)</u>

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

VILLAGE OF FOX LAKE, ILLINOIS  
FUND FINANCIAL STATEMENTS  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
APRIL 30, 2010

	<u>POLICE AND FIRE PENSION TRUST FUNDS</u>
ASSETS	
Cash and Cash Equivalents	\$ 551,494
Investments	8,059,079
Receivables (Net of Allowance for Estimated Uncollectible Amounts)	
Accrued Interest	<u>25,594</u>
TOTAL ASSETS	<u>\$ 8,636,167</u>
LIABILITIES	<u>\$ -</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 8,636,167</u>

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

VILLAGE OF FOX LAKE, ILLINOIS  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 YEAR ENDED APRIL 30, 2010

	<u>POLICE AND FIRE PENSION TRUST FUNDS</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 437,847
Plan Members	174,960
Miscellaneous	893
Total Contributions	<u>\$ 613,700</u>
Investment Income	
Interest and Dividends	\$ 303,187
Gain/(Loss) on Sale of Investments	228,336
Net Increase/(Decrease) in Fair Value of Investments	706,833
	<u>\$ 1,238,356</u>
Less: Investment Management Fees	(12,326)
Net Investment Income	<u>\$ 1,226,030</u>
<b>TOTAL ADDITIONS</b>	<u>\$ 1,839,730</u>
<b>DEDUCTIONS</b>	
Benefits	\$ 304,108
Administrative Expenses	16,438
<b>TOTAL DEDUCTIONS</b>	<u>\$ 320,546</u>
<b>NET INCREASE/(DECREASE)</b>	<u>\$ 1,519,184</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2009</b>	<u>7,116,983</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2010</b>	<u>\$ 8,636,167</u>

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

VILLAGE OF FOX LAKE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Village of Fox Lake, Illinois' (Village) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, and the Village has chosen to do so. The more significant accounting policies established in GAAP and used by the Village are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that the Police and Fire Pension Funds meet the above criteria. The Police and Fire Pension Funds are blended into the Village's primary government financial statements as a fiduciary fund although they remain separate legal entities. 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 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, public safety, public works, and parks and recreation services are classified as governmental activities. The Village's water and sewer, water reclamation, and commuter parking services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities 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, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

associated with the function (public safety, public works, parks and recreation, etc.) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, 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 assets 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 Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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 Village reports these governmental funds and fund types:

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 – The Special Revenue Funds (Fire Protection and Tax Increment Financing Funds) are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Proprietary Funds

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

Enterprise Funds – Enterprise Funds (Water and Sewer, Northwest Region Water Reclamation, and Commuter Parking Lot Funds) are required to be 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.

Internal Service Funds – Internal Service Funds (Motor Pool Fund) are used to account for the financing of goods or services provided by an activity to other departments or funds of the Village on a cost-reimbursement basis. Because the principal users of the internal services are the Village's governmental activities, the financial statement of the Internal Service Fund is consolidated into the governmental column when presented in the government-wide financial statements.

3. Fiduciary Funds

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

The Village's Fiduciary Funds are presented in the Fiduciary Fund financial statements by type (pension and fire trust funds). Since by definition these assets are being held for the benefit of a third party (e.g. pension participants) 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.

1. Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property tax revenues are recognized in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. An exception was made to the 60 day recognition period for income tax revenues due to delayed payments from the State of Illinois. The exception was made to preserve the consistency of revenue recognition between years. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

The Village reports deferred revenue on its governmental funds Balance Sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. At April 30, 2010 the Village has \$3,155,725 of deferred revenue, all of which is from property taxes.

E. *Cash and Cash Equivalents and Investments*

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

Occasionally certain of the funds participating in the common bank accounts will incur overdrafts (deficits) in the accounts. Such overdrafts in effect constitute cash borrowed from other Village funds and are, therefore, interfund loans that have not been authorized by Village Board action.

At April 30, 2010 the Motor Pool Fund had a cash overdraft of \$37,148.

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

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

F. *Receivables*

Receivables are reported net of estimated uncollectible amounts. Allowances for uncollectible amounts are as follows:

Property Taxes Receivable	\$	15,858
General Fund Accounts Receivable		4,512
General Fund Other Receivables		38,020
Water and Sewer Fund Accounts Receivable		18,048
Northwest Region Water Reclamation Accounts Receivable		22,560

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. *Receivables (Continued)*

All other receivable allowances are estimated at \$0.

G. *Prepaid Expenses*

Prepaid expenses are for payments made by the Village in the current year for goods and services received in the subsequent fiscal year.

H. *Inventories*

Inventories are accounted for at cost within the Motor Pool Fund using the first-in, first-out method. Inventory accounts are not maintained within the other funds to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of these items is not deemed to be material.

I. *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.

J. *Restricted Assets*

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable bond covenants.

K. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$10,000 or more 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 half-year basis over the following estimated useful lives:

Building and Improvements	15 - 50 years
Systems and Equipment	5 - 45 years
Vehicles	4 - 25 years
Infrastructure	50 years

The Village reports and depreciates infrastructure assets effective as of May 1, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets constitute the largest asset class of the Village's governmental activities.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Compensated Absences*

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term debt obligation in the government-wide Statement of Net Assets and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, "Accounting for Compensated Absences", no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

M. *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 Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount and deferred losses on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. *Government-Wide and Proprietary Fund Net Assets*

Government-wide and proprietary fund net assets are divided into three components:

1. Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net assets – consist of net assets that are 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 – all other net assets are reported in this category.

O. *Governmental Fund Balances*

Governmental fund balances are reported as "reserved" when the balances are not available for appropriation or expenditure or because they are legally segregated for a specific future use. The remaining balances are "unreserved" fund balances. From time to time, the Village agrees to set aside or "designate" resources for future uses – such as for specific capital projects. These unreserved, designated balances are based on management's tentative plans and can be changed.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. *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 2009 levy was passed by the Board on December 8, 2009. 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.

Q. *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 proprietary funds consist of charges for services (including tap fees for the water function and systems development charges for the sewer function) and the costs of providing those services, including depreciation and excluding interest cost. All other revenue and expenses are reported as nonoperating.

R. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6, and Chapter 40, Act 5/Article 4 – Pensions.

As of April 30, 2010, 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
External Investment Pools	\$ 3,245,006	\$ 3,245,006	\$ -	\$ -	\$ -
US Treasury Notes/Strips	1,336,654	143,785	819,992	372,877	-
Federal Home Loan Bank	714,486	-	226,250	275,860	212,376
Federal Farm Credit Bank	599,815	-	164,407	-	435,408
Federal Home Loan Mtg Corp	112,875	-	-	112,875	-
Federal National Mtg Assn	164,296	-	-	164,296	-
Municipal Bonds	56,054	-	56,054	-	-
Insurance Contracts	1,130,282	-	-	-	1,130,282
Money Markets	296,956	296,956	-	-	-
Mutual Funds	3,666,017	3,666,017	-	-	-
Total	\$ 11,322,441	\$ 7,351,764	\$ 1,266,703	\$ 925,908	\$ 1,778,066

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

*Interest Rate Risk.* The Village's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

*Credit Risk.* The Village minimized credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the safest type of securities.
- Pre-qualifying the financial institutions with which the Village will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

As of April 30, 2010, the Village's investments were rated as follows:

<u>Investment</u>	<u>Credit Rating</u>	<u>Rating Source</u>
Illinois Funds Investment Pool	AAA	Standard and Poor's
IMET Investment Pool	AAA	Standard and Poor's
Federal Home Loan Bank	AAA	Standard and Poor's
Federal Farm Credit Bank	AAA	Standard and Poor's
Federal Home Loan Mtg Corp	AAA	Standard and Poor's
Federal National Mtg Assn	AAA	Standard and Poor's
Municipal Bonds	AAA	Standard and Poor's
Insurance Contracts	Not Rated	
Mutual Funds	Not Rated	

*Concentration of Credit Risk.* The Village places no specific limit on the amount the Village may invest in any one issuer. More than 5 percent of the Village's investments, other than external investment pools, U.S. Government Obligations, and Mutual Funds, are in Federal Home Loan Bank (6 percent) and Federal Farm Credit Bank (5 percent).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2010 was as follows:

	<u>Balance May 1, 2009</u>	<u>Increases</u>	<u>Decreases*</u>	<u>Balance April 30, 2010</u>
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Land	\$ 12,254,707	\$ -	\$ 21,719	\$ 12,232,988
Total Capital Assets not being depreciated	\$ 12,254,707	\$ -	\$ 21,719	\$ 12,232,988
Other Capital Assets				
Buildings and Improvements	\$ 7,906,201	\$ -	\$ -	\$ 7,906,201
Equipment	2,040,939	-	-	2,040,939
Vehicles	5,021,970	10,532	82,084	4,950,418
Infrastructure	17,644,728	-	273,866	17,370,862
Total Other Capital Assets at Historical Cost	\$ 32,613,838	\$ 10,532	\$ 355,950	\$ 32,268,420
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 2,359,900	\$ 182,935	\$ -	\$ 2,542,835
Equipment	773,311	134,558	-	907,869
Vehicles	3,143,484	296,972	82,084	3,358,372
Infrastructure	4,579,303	348,062	53,678	4,873,687
Total Accumulated Depreciation	\$ 10,855,998	\$ 962,527	\$ 135,762	\$ 11,682,763
Other Capital Assets, Net	\$ 21,757,840	\$ (951,995)	\$ 220,188	\$ 20,585,657
Governmental Activities Capital Assets, Net	\$ 34,012,547	\$ (951,995)	\$ 241,907	\$ 32,818,645

\*Note: Decreases for governmental activities include adjustments for prior year assets (see note 18).

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance May 1, 2009	Increases	Decreases	Balance April 30, 2010
<b>Business-Type Activities</b>				
Capital Assets not being depreciated				
Land	\$ 642,368	\$ 56,100	\$ -	\$ 698,468
Construction in Progress	3,365,254	6,940,846	-	10,306,100
Total Capital Assets not being depreciated	<u>\$ 4,007,622</u>	<u>\$ 6,996,946</u>	<u>\$ -</u>	<u>\$ 11,004,568</u>
Other Capital Assets				
Buildings and Improvements	\$ 27,830,131	\$ -	\$ -	\$ 27,830,131
Water/Sewer System	33,377,659	89,152	-	33,466,811
Vehicles and Equipment	5,453,589	728,673	3,300	6,178,962
Total Other Capital Assets at Historical Cost	<u>\$ 66,661,379</u>	<u>\$ 817,825</u>	<u>\$ 3,300</u>	<u>\$ 67,475,904</u>
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 12,102,531	\$ 622,106	\$ -	\$ 12,724,637
Water/Sewer System	13,160,652	775,645	-	13,936,297
Vehicles and Equipment	2,380,442	368,156	3,300	2,745,298
Total Accumulated Depreciation	<u>\$ 27,643,625</u>	<u>\$ 1,765,907</u>	<u>\$ 3,300</u>	<u>\$ 29,406,232</u>
Other Capital Assets, Net	<u>\$ 39,017,754</u>	<u>\$ (948,082)</u>	<u>\$ -</u>	<u>\$ 38,069,672</u>
Business-Type Activities Capital Assets, Net	<u>\$ 43,025,376</u>	<u>\$ 6,048,864</u>	<u>\$ -</u>	<u>\$ 49,074,240</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 45,904
Public Safety	438,811
Public Works	436,244
Parks and Recreation	41,568
Total Governmental Activities Depreciation Expense	<u>\$ 962,527</u>
<b>Business-Type Activities</b>	
Water and Sewer	\$ 443,053
Water Reclamation	1,305,305
Commuter Parking	17,549
Total Business-Type Activities Depreciation Expense	<u>\$ 1,765,907</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2010 was as follows:

	Balance May 1, 2009	Additions	Retirements	Balance April 30, 2010	Amounts Due Within One Year
<b>Governmental Activities</b>					
Long-Term Debt Payable					
Debt Certificates	\$ 2,280,232	\$ -	\$ 287,333	\$ 1,992,899	\$ 266,002
Bonds	1,871,005	-	164,103	1,706,902	171,495
Total Long-Term Debt Payable	<u>\$ 4,151,237</u>	<u>\$ -</u>	<u>\$ 451,436</u>	<u>\$ 3,699,801</u>	<u>\$ 437,497</u>
Other Long-Term Liabilities					
Compensated Absences	\$ 276,577	\$ 5,897	\$ -	\$ 282,474	\$ -
Net Pension Obligation	168,210	3,173	-	171,383	-
Total Other Long-Term Liabilities	<u>\$ 444,787</u>	<u>\$ 9,070</u>	<u>\$ -</u>	<u>\$ 453,857</u>	<u>\$ -</u>
Governmental Activities Long-Term Liabilities	<u>\$ 4,596,024</u>	<u>\$ 9,070</u>	<u>\$ 451,436</u>	<u>\$ 4,153,658</u>	<u>\$ 437,497</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

	Balance May 1, 2009	Additions	Retirements	Balance April 30, 2010	Amounts Due Within One Year
<b>Business-Type Activities</b>					
<b>Long-Term Debt Payable</b>					
Debt Certificates	\$ 2,480,000	\$ -	\$ 125,000	\$ 2,355,000	\$ 130,000
Bonds	2,775,000	-	170,000	2,605,000	175,000
Notes Payable	-	66,000	22,000	44,000	22,000
Deferred Loss on Refunding	(190,957)	-	(15,913)	(175,044)	(15,913)
<b>Total Long-Term Debt Payable</b>	<b>\$ 5,064,043</b>	<b>\$ 66,000</b>	<b>\$ 301,087</b>	<b>\$ 4,828,956</b>	<b>\$ 311,087</b>
<b>Other Long-Term Liabilities</b>					
Compensated Absences	\$ 91,282	\$ 12,288	\$ -	\$ 103,570	\$ -
<b>Total Other Long-Term Liabilities</b>	<b>\$ 91,282</b>	<b>\$ 12,288</b>	<b>\$ -</b>	<b>\$ 103,570</b>	<b>\$ -</b>
<b>Business-Type Activities Long-Term Liabilities</b>	<b>\$ 5,155,325</b>	<b>\$ 78,288</b>	<b>\$ 301,087</b>	<b>\$ 4,932,526</b>	<b>\$ 311,087</b>

At April 30, 2010, the annual cash flow requirements of debt principal and interest were as follows:

Governmental Activities	Year Ending April 30	Year		Total
		Principal	Interest	
<b>Debt Certificates</b>				
Debt Certificates Series 2002	2011	\$ 145,000	\$ 63,143	\$ 208,143
Original Issue of \$2,170,000	2012	150,000	56,393	206,393
Dated 7-10-02	2013	155,000	49,185	204,185
Interest Rate 3% - 5.3%	2014	165,000	41,423	206,423
	2015	170,000	33,130	203,130
	2016	175,000	24,418	199,418
	2017	185,000	15,145	200,145
	2018	195,000	5,168	200,168
		<u>\$ 1,340,000</u>	<u>\$ 288,005</u>	<u>\$ 1,628,005</u>
Debt Certificates Series 2004	2011	\$ 11,902	\$ 1,534	\$ 13,436
Original Issue of \$260,000	2012	12,393	1,044	13,437
Dated 7-15-04	2013	12,904	532	13,436
Interest Rate 4.125%		<u>\$ 37,199</u>	<u>\$ 3,110</u>	<u>\$ 40,309</u>
Debt Certificates Series 2005	2011	\$ 65,000	\$ 10,863	\$ 75,863
Original Issue of \$500,000	2012	65,000	8,295	73,295
Dated 11-15-05	2013	70,000	5,727	75,727
Interest Rate 3.95%	2014	75,000	2,963	77,963
		<u>\$ 275,000</u>	<u>\$ 27,848</u>	<u>\$ 302,848</u>
Debt Certificates Series 2006	2011	\$ 33,100	\$ 5,859	\$ 38,959
Original Issue of \$249,000	2012	33,100	4,402	37,502
Dated 5-15-06	2013	16,700	3,307	20,007
Interest Rate 4.4%	2014	16,700	2,572	19,272
	2015	16,700	1,837	18,537
	2016	16,700	1,102	17,802
	2017	16,700	367	17,067
		<u>\$ 149,700</u>	<u>\$ 19,446</u>	<u>\$ 169,146</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

	Year Ending April 30	Principal	Interest	Total
Debt Certificates Series 2007	2011	\$ 11,000	\$ 8,404	\$ 19,404
Original Issue of \$212,000	2012	12,000	7,920	19,920
Dated 12-3-07	2013	12,000	7,392	19,392
Interest Rate 4.4%	2014	13,000	6,864	19,864
	2015	13,000	6,292	19,292
	2016	14,000	5,720	19,720
	2017	15,000	5,104	20,104
	2018	15,000	4,444	19,444
	2019	16,000	3,784	19,784
	2020	16,000	3,080	19,080
	2021	17,000	2,376	19,376
	2022	18,000	1,628	19,628
	2023	19,000	836	19,836
		<u>\$ 191,000</u>	<u>\$ 63,844</u>	<u>\$ 254,844</u>

**Bonds**

Bonds Series 2002	2011	\$ 93,396	\$ 34,232	\$ 127,628
Original Issue of \$1,400,000	2012	97,657	29,970	127,627
Dated 7-1-02	2013	102,043	25,585	127,628
Interest Rate 4.5%	2014	106,768	20,859	127,627
	2015	111,639	15,988	127,627
	2016	116,733	10,894	127,627
	2017	122,030	5,583	127,613
		<u>\$ 750,266</u>	<u>\$ 143,111</u>	<u>\$ 893,377</u>

Bonds Series 2003	2011	\$ 78,099	\$ 42,435	\$ 120,534
Original Issue of \$1,300,000	2012	81,564	38,970	120,534
Dated 6-30-03	2013	85,085	35,449	120,534
Interest Rate 4.375%	2014	88,956	31,578	120,534
	2015	92,901	27,632	120,533
	2016	97,022	23,511	120,533
	2017	101,273	19,260	120,533
	2018	105,818	14,715	120,533
	2019	110,512	10,022	120,534
	2020	115,406	5,120	120,526
		<u>\$ 956,636</u>	<u>\$ 248,692</u>	<u>\$ 1,205,328</u>

**Total Governmental Activities**

		<u>\$ 3,699,801</u>	<u>\$ 794,056</u>	<u>\$ 4,493,857</u>
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	Year Ending April 30	Principal	Interest	Total
<b>Business-Type Activities</b>				
<b>Debt Certificates</b>				
Debt Certificates Series 2002B	2011	\$ 85,000	\$ 35,020	\$ 120,020
Original Issue of \$2,030,000	2012	90,000	68,128	158,128
Dated 8-6-02	2013	95,000	64,196	159,196
Interest Rate 3% - 5.3%	2014	100,000	59,852	159,852
	2015	105,000	55,086	160,086
	2016	110,000	50,087	160,087
	2017	115,000	44,655	159,655
	2018	120,000	38,780	158,780
	2019	125,000	32,593	157,593
	2020	130,000	26,090	156,090
	2021	140,000	19,205	159,205
	2022	145,000	11,793	156,793
	2023	150,000	3,975	153,975
		<u>\$ 1,510,000</u>	<u>\$ 509,460</u>	<u>\$ 2,019,460</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

	Year Ending April 30	Principal	Interest	Total
Debt Certificates Series 2002C	2011	\$ 45,000	\$ 25,760	\$ 70,760
Original Issue of \$1,110,000	2012	45,000	50,170	95,170
Dated 8-6-02	2013	50,000	47,320	97,320
Interest Rate 3.25% - 6.75%	2014	55,000	44,143	99,143
	2015	55,000	40,760	95,760
	2016	60,000	37,180	97,180
	2017	65,000	33,257	98,257
	2018	65,000	29,130	94,130
	2019	70,000	24,775	94,775
	2020	75,000	20,025	95,025
	2021	-	14,850	14,850
	2022	-	9,281	9,281
	2023	260,000	3,206	263,206
		<u>\$ 845,000</u>	<u>\$ 379,857</u>	<u>\$ 1,224,857</u>
<b>Bonds</b>				
Refunding Bonds Series 2003	2011	\$ 125,000	\$ 29,656	\$ 154,656
Original Issue of \$2,325,000	2012	130,000	57,363	187,363
Dated 6-26-03	2013	135,000	53,303	188,303
Interest Rate 2% - 3.875%	2014	140,000	49,094	189,094
	2015	145,000	44,601	189,601
	2016	145,000	39,816	184,816
	2017	160,000	34,784	194,784
	2018	160,000	29,264	189,264
	2019	330,000	20,217	350,217
	2020	175,000	10,900	185,900
	2021	175,000	4,359	179,359
	2022	25,000	484	25,484
		<u>\$ 1,845,000</u>	<u>\$ 373,841</u>	<u>\$ 2,218,841</u>
Refunding Bonds Series 2007	2011	\$ 50,000	\$ 14,910	\$ 64,910
Original Issue of \$850,000	2012	55,000	28,665	83,665
Dated 12-10-07	2013	55,000	26,355	81,355
Interest Rate 4.2%	2014	55,000	24,045	79,045
	2015	60,000	21,630	81,630
	2016	65,000	19,005	84,005
	2017	65,000	16,275	81,275
	2018	65,000	13,545	78,545
	2019	70,000	10,710	80,710
	2020	75,000	7,665	82,665
	2021	70,000	4,620	74,620
	2022	75,000	1,575	76,575
		<u>\$ 760,000</u>	<u>\$ 189,000</u>	<u>\$ 949,000</u>
<b>Notes</b>				
Water Tower Land Loan	2011	\$ 22,000	\$ 2,200	\$ 24,200
Original Issue of \$160,000	2012	22,000	1,100	23,100
Dated 9-6-06		<u>\$ 44,000</u>	<u>\$ 3,300</u>	<u>\$ 47,300</u>
Interest Rate 5%				
<b>Total Business-Type Activities</b>		<u>\$ 5,004,000</u>	<u>\$ 1,455,458</u>	<u>\$ 6,459,458</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - RESTRICTED/RESERVED EQUITY

The following amounts are restricted/reserved equity balances at April 30, 2010:

Restricted/ Reserved For	Restricted Net Assets	Reserved Fund Balance
<b>Governmental Activities/ Governmental Funds</b>		
Drug Seizure	\$ 2,573	\$ 2,573
Charitable Games	14,328	14,328
DUI	29,921	29,921
Parks	28,312	28,312
Motor Fuel Tax	254,406	254,406
Garbage	43,244	43,244
Retirement	97,741	97,741
Insurance	182,738	182,738
	<u>\$ 653,263</u>	<u>\$ 653,263</u>
<b>Business-Type Activities/ Proprietary Funds</b>		
Debt Service	<u>\$ 983,244</u>	

NOTE 6 - DEFICIT FUND BALANCE

At April 30, 2010 a deficit fund balance existed in the following fund:

Fund	April 30, 2010 Fund Balance
Fire Protection Fund	\$ (1,273)

NOTE 7 - PROPERTY TAXES

Property taxes receivable and deferred revenue recorded in these financial statements are from the 2009 tax levy. The deferred revenue is 100 percent of the 2009 tax levy, less an allowance for uncollectible amounts. These taxes are deferred as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2010. The Village has determined that 100 percent of the amount collected for the 2008 levy (\$3,284,881) is allocable for use in fiscal year 2010 and, therefore, are recorded in these financial statements as property taxes revenue. A summary of the assessed valuation, rates, and extensions for the years 2009, 2008, and 2007 follows:

Lake County

Tax Year	2009		2008		2007	
	Assessed Valuation		Assessed Valuation		Assessed Valuation	
	\$344,327,343		\$349,927,999		\$332,641,751	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.2170	\$ 747,190	0.2130	\$ 745,347	0.1990	\$ 661,957
Ambulance	0.1500	516,491	0.1480	517,893	0.1540	512,268
Audit	0.0030	10,330	0.0020	6,999	0.0020	6,653
Fire Protection	0.1610	554,367	0.1580	552,886	0.1650	548,859
IMRF	0.0300	103,298	0.0290	101,479	0.0390	129,730
Police Pension	0.1210	416,636	0.1180	412,915	0.1200	399,170
Police Protection	0.0570	196,267	0.0550	192,460	0.0570	189,606
Social Security	0.0380	130,844	0.0370	129,473	0.0590	196,259
Insurance	0.0870	299,565	0.0850	297,439	0.0640	212,891
Total Taxes Extended	<u>0.8640</u>	<u>\$ 2,974,988</u>	<u>0.8450</u>	<u>\$ 2,956,891</u>	<u>0.8590</u>	<u>\$ 2,857,393</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - PROPERTY TAXES (Continued)

McHenry County

Tax Year	2009		2008		2007	
Assessed Valuation	\$22,015,077		\$21,455,079		\$19,612,994	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.2378	\$ 52,354	0.2174	\$ 46,650	0.1990	\$ 39,030
Ambulance	0.1654	30,998	0.1534	28,040	0.1540	25,677
Audit	0.0022	482	0.0013	289	0.0020	392
Fire Protection	0.1766	33,098	0.1643	30,025	0.1650	27,512
IMRF	0.0324	7,128	0.0296	6,355	0.0390	7,649
Police Pension	0.1318	29,014	0.1212	25,997	0.1200	23,536
Police Protection	0.0614	13,524	0.0565	12,132	0.0570	11,179
Social Security	0.0413	9,093	0.0377	8,088	0.0590	11,572
Insurance	0.0949	20,903	0.0875	18,776	0.0640	12,552
Total Taxes Extended	0.9438	\$ 196,594	0.8689	\$ 176,352	0.8590	\$ 159,099

NOTE 8 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2010 the expenditures of the following fund exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Fire Protection Fund	\$ 1,219,797	\$ 1,236,845	\$ 17,048

NOTE 9 - ILLINOIS MUNICIPAL RETIREMENT FUND

A. *Plan Description*

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

B. *Funding Policy*

As set by statute, the Village's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's contribution rate for calendar year 2009 was 8.4% of annual covered payroll. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

C. *Annual Pension Cost*

For fiscal year ending December 31, 2009, the Village's annual pension cost of \$279,461 for the Regular plan was equal to the Village's required and actual contributions.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

C. Annual Pension Cost (Continued)

Three-Year Trend Information for the Regular Plan			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	\$ 279,461	100%	\$ -
12/31/2008	309,658	100%	-
12/31/2007	322,131	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007 valuation was 23 years.

D. Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 78.29% funded. The actuarial accrued liability for benefits was \$6,548,186 and the actuarial value of assets was \$5,126,901, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,421,285. The covered payroll (annual payroll of active employees covered by the plan) was \$3,326,918 and the ratio of the UAAL to the covered payroll was 43%. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

This schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2009	\$ 5,126,901	\$ 6,548,186	\$ 1,421,285	78.29%	\$ 3,326,918	42.72%
12/31/2008	5,204,427	6,554,367	1,349,940	79.40%	3,592,319	37.58%
12/31/2007	7,007,141	7,063,320	56,179	99.20%	3,611,339	1.56%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$4,951,975. On a market basis, the funded ratio would be 75.62%.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - POLICE PENSION PLAN

A. *Plan Description and Contribution Information*

The Police Pension Fund of the Village of Fox Lake (Plan) is a single-employer defined benefit pension plan that covers all full-time police sworn personnel of the Village. The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency.

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

Membership in the Plan consisted of the following at April 30, 2009, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	8
Terminated Plan Member not yet Receiving Benefits	1
Active Plan Members	<u>25</u>
Total	<u><u>34</u></u>

Contribution requirements of both the Plan members and the Village are established and may be amended by the Illinois legislature. Plan members are required to contribute 9.91% of their annual covered salary. The Village is required to contribute at an actuarially determined rate. Administrative costs of the Plan are financed through investment earnings.

B. *Summary of Significant Accounting Policies*

1. *Basis of Accounting*

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Village contributions to the Plan are recognized when due and when the Village has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

2. *Method Used to Value Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Any investments that do not have an established market are reported at estimated fair value.

C. *Annual Pension Cost and Net Pension Obligation*

The Village's annual pension cost and net pension obligation to the Plan as of April 30, 2009 (the date the most current actuarial information is available) is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - POLICE PENSION PLAN (Continued)

C. Annual Pension Cost and Net Pension Obligation (Continued)

Annual required contribution	\$ 421,336
Interest on net pension obligation (optional)	11,775
Adjustment to annual required contribution	<u>(8,042)</u>
Annual pension cost	\$ 425,069
Contributions made	<u>421,896</u>
Increase/(decrease) in net pension obligation	\$ 3,173
Net pension obligation beginning of year	<u>168,210</u>
Net pension obligation end of year	<u><u>\$ 171,383</u></u>

The annual required contribution for the current year was determined as part of the April 30, 2009 actuarial valuation using the entry-age-normal actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.5%. Both (a) and (b) include an inflation component. The assumptions include postretirement benefit increases of 3%. The unfunded actuarial accrued liability is being amortized as a level percentage of pay method on a closed period. The remaining amortization period at April 30, 2009 was 24 years.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/09	\$ 425,069	99.3%	\$ 171,383
4/30/08	485,913	99.4%	168,210
4/30/07	385,653	98.6%	165,238

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payrol ((b-a)/c)
4/30/09	\$ 7,116,983	\$ 13,280,784	\$ 6,163,801	53.6%	\$ 1,694,510	363.8%
4/30/08	7,639,294	12,124,112	4,484,818	63.0%	1,584,171	283.1%
4/30/07	7,123,348	11,171,246	4,047,898	63.8%	1,555,779	260.2%

NOTE 11 - FIREFIGHTERS' PENSION PLAN

A. Plan Description and Contribution Information

The Firefighters' Pension Fund of the Village of Fox Lake (Plan) is a single-employer defined benefit pension plan that covers all full-time sworn fire personnel of the Village. The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency.

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 4 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature. The Plan does not issue a stand-alone financial report.

There are no current covered employees of the Village.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - FIREFIGHTERS' PENSION PLAN (Continued)

A. *Plan Description and Contribution Information (Continued)*

Contribution requirements of both the Plan members and the Village are established and may be amended by the Illinois legislature. Plan members are required to contribute 9.455% of their annual covered salary. The Village is required to contribute at an actuarially determined rate. Administrative costs of the Plan are financed through investment earnings. Since there are no current covered employees no current contributions are made to the plan.

B. *Summary of Significant Accounting Policies*

1. *Basis of Accounting*

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Village contributions to the Plan are recognized when due and when the Village has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

2. *Method Used to Value Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Any investments that do not have an established market are reported at estimated fair value.

C. *Annual Pension Cost and Net Pension Obligation*

There are no annual pension costs or net pension obligations of the Plan.

NOTE 12 - SOCIAL SECURITY

Except for police personnel who are covered by a separate pension fund, all employees are covered under Social Security. The Village paid \$153,587, the total required contribution for the current fiscal year.

NOTE 13 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2010 consisted of the following:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
Tax Increment Financing Fund	General Fund	\$ 1,185

All interfund balances resulted from a time lag between the dates that (1) revenue was collected and remitted to appropriate funds and (2) expenditures were incurred and reimbursed between funds.

Interfund transfers for the year ended April 30, 2010 consisted of the following:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - INTERFUND BALANCES AND TRANSFERS (Continued)

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Fire Protection Fund	\$ 70,000

Transfers are used to fund deficit cash balances.

NOTE 14 - 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 Agency (IMLRMA), a public entity risk pool 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 fiscal year 2010 there was no significant reduction in insurance coverage for any category.

There have been no settlement amounts that have exceeded insurance coverage. 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, 2010, there were no significant adjustments in premiums based on actual experience.

NOTE 15 - CONSTRUCTION COMMITMENTS

The Village is currently involved in several ongoing construction projects. These projects, which are reported in the Northwest Region Water Reclamation Fund, include plant expansion I, plant expansion II, and outfall structure/pipe projects.

NOTE 16 - CONTINGENCIES

The Village is involved in litigation which might have a material adverse affect on the Village's financial position in the Water and Sewer Funds. The exact amount is undeterminable at this time.

NOTE 17 - LEGAL DEBT LIMITATION

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 17 - LEGAL DEBT LIMITATION (Continued)

2009 EAV	\$ 366,342,420
	8.625%
Debt Margin	\$ 31,597,034
Current Debt	3,699,801
Remaining Debt Margin	<u>\$ 27,897,233</u>

NOTE 18 - FUND BALANCE/NET ASSETS ADJUSTMENTS

The following fund balance/net assets adjustments were made to correct prior year balances:

	Governmental Activities Net Assets	Business-Type Activities Net Assets	General Fund Fund Balance	Water and Sewer Fund Net Assets	Northwest Region Water Reclamation Fund Net Assets
Reclassify improper revenue posting from prior years	\$ (28,265)	\$ 28,265	\$ (28,265)	\$ 18,800	\$ 9,465
Record prior year Holiday Park land purchase, net of outstanding loan	-	(9,900)	-	(9,900)	-
Remove unamortized bond costs associated with 1996 Bond, which was fully refunded in 2007	-	(147,805)	-	(147,805)	-
Correct prior year depreciation	41,108	-	-	-	-
Correct prior year amounts that should have been expensed as repairs but were reported as fixed assets	(236,796)	-	-	-	-
Total Adjustment	<u>\$ (223,953)</u>	<u>\$ (129,440)</u>	<u>\$ (28,265)</u>	<u>\$ (138,905)</u>	<u>\$ 9,465</u>

NOTE 19 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through November 01, 2010, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED APRIL 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original and Final</u>		
<b>REVENUES</b>			
Local Taxes			
Property Tax	\$	2,118,396	\$ 2,117,515
Intergovernmental			
State Sales Tax		2,670,856	2,531,356
State Income Tax		988,588	811,981
State Replacement Tax		58,080	57,444
State Motor Fuel Tax		267,208	270,011
Hotel/Motel Tax		7,000	12,497
State Pull Tab/Games Tax		3,200	2,659
Auto Rental Tax		52	31
State Telecommunications Tax		275,000	257,618
State Grants		73,000	4,200
Federal Grants		-	557
Other Local Sources			
Franchise Fees		125,000	131,464
Licenses and Permits		306,500	364,230
Fines and Forfeitures		184,500	142,071
Charges for Services		1,837,850	1,575,714
Interest		12,150	2,466
Miscellaneous			
Donations		-	1,611
Impact Fees		24,000	22,000
Other Miscellaneous		25,000	21,618
<b>Total Revenues</b>	<b>\$</b>	<b>8,976,380</b>	<b>\$ 8,327,043</b>
<b>EXPENDITURES</b>			
<b>CURRENT</b>			
<b>GENERAL GOVERNMENT</b>			
Administration	\$	923,900	\$ 848,576
Building Department		409,276	395,693
Community Development		3,040	699
Retirement Contributions		245,520	241,843
Insurance		192,564	194,019
	<b>\$</b>	<b>1,774,300</b>	<b>\$ 1,680,830</b>
<b>PUBLIC SAFETY</b>			
Police Department	\$	3,537,295	\$ 3,150,538
Police and Fire Commission		20,510	21,457
911 Emergency System		849,743	850,435
	<b>\$</b>	<b>4,407,548</b>	<b>\$ 4,022,430</b>
<b>PUBLIC WORKS</b>			
Highways and Streets	\$	1,167,927	\$ 940,115
Motor Fuel Tax		154,000	100,553
Garbage Collection		733,900	747,906
	<b>\$</b>	<b>2,055,827</b>	<b>\$ 1,788,574</b>
<b>PARKS AND RECREATION</b>			
Parks and Recreation	\$	186,999	\$ 190,062

See Accompanying Independent Auditor's Report

VILLAGE OF FOX LAKE, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED APRIL 30, 2010

	Budgeted Amounts	
	Original and Final	Actual Amounts
EXPENDITURES (Continued)		
CAPITAL OUTLAY		
GENERAL GOVERNMENT		
Administration	\$ 5,184	\$ 5,178
PUBLIC SAFETY		
Police Department	-	10,532
911 Emergency System	7,850	-
PUBLIC WORKS		
Highways and Streets	5,350	6,700
Motor Fuel Tax	177,500	16,886
	\$ 195,884	\$ 39,296
DEBT SERVICE		
Principal	\$ 96,313	\$ 451,436
Interest and Fees	1,056,708	186,592
	\$ 1,153,021	\$ 638,028
Total Expenditures	\$ 9,773,579	\$ 8,359,220
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (797,199)	\$ (32,177)
OTHER FINANCING SOURCES/(USES)		
Transfers	\$ 448,060	\$ (70,000)
Sale of Village Property	7,000	7,049
	\$ 455,060	\$ (62,951)
NET CHANGE IN FUND BALANCE	\$ (342,139)	\$ (95,128)
FUND BALANCE - MAY 1, 2009	459,281	1,718,442
FUND BALANCE ADJUSTMENT (Note 18)	-	(28,265)
FUND BALANCE - APRIL 30, 2010	\$ 117,142	\$ 1,595,049

See Accompanying Independent Auditor's Report

VILLAGE OF FOX LAKE, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
FIRE PROTECTION FUND  
YEAR ENDED APRIL 30, 2010

	Budgeted Amounts	Actual
	Original and Final	Amounts
REVENUES		
Local Taxes		
Property Tax	\$ 1,128,844	\$ 1,126,081
Other Local Sources		
Charges for Services	10,500	19,004
Interest	2,000	-
Miscellaneous		
Other Miscellaneous	9,258	11,183
Total Revenues	\$ 1,150,602	\$ 1,156,268
EXPENDITURES		
CURRENT		
PUBLIC SAFETY		
Fire Protection	\$ 1,219,797	\$ 1,236,029
CAPITAL OUTLAY		
PUBLIC SAFETY		
Fire Protection	\$ -	\$ 816
Total Expenditures	\$ 1,219,797	\$ 1,236,845
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (69,195)	\$ (80,577)
OTHER FINANCING SOURCES/(USES)		
Transfers	\$ 51,940	\$ 70,000
Sale of Village Property	-	1,481
	\$ 51,940	\$ 71,481
NET CHANGE IN FUND BALANCE	\$ (17,255)	\$ (9,096)
FUND BALANCE - MAY 1, 2009	152,160	7,823
FUND BALANCE - APRIL 30, 2010	\$ 134,905	\$ (1,273)

See Accompanying Independent Auditor's Report

VILLAGE OF FOX LAKE, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
APRIL 30, 2010

NOTE 1 - BUDGET

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for all funds except agency funds. All annual budgets lapse at fiscal year end.

Budgeted expenditures are controlled at the departmental level with the Village Administrator's oversight. All transfers and any revision that changes the total expenditures not contemplated of any fund must be approved by the Village Board. All budget amendments must be approved by the Village Board.

The budget was approved on June 23, 2009.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2010, the following fund reported in required supplementary information had expenditures that exceeded the budget:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Actual Over Budget</u>
Fire Protection Fund	\$ 1,219,797	\$ 1,236,845	\$ 17,048

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SUPPLEMENTAL FINANCIAL INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS  
INFORMATION REQUIRED BY WATER AND  
SEWER REVENUE BOND ORDINANCE  
APRIL 30, 2010

MISCELLANEOUS

Number of sewer customers served by North Sewer Plant	1,414
Number of water customers metered, North and South	4,174
Number of water customers unmetered, North and South	479
Quantity of sewerage treated (gallons), North only	64,395,000
Quantity of water pumped (gallons), North only	66,132,000
Quantity of water pumped (gallons), South only	235,197,000
Quantity of water billed	236,765,769

SUMMARY OF RATES

South System (billed every two months)

Water rate first 7,000 gallons	51.38
Sewer rate first 15,000 gallons	46.52
Water rate per 1,000 gallons over 7,000	3.88
Sewer rate per 1,000 gallons over 15,000	2.91

North System (billed every two months)

Water rate first 6,000 gallons	41.22
Sewer rate first 15,000 gallons	46.14
Water rate per 1,000 gallons over 6,000	3.45
Sewer rate per 1,000 gallons over 15,000	3.20

See Accompanying Independent Auditor's Report

(Unaudited)