

VILLAGE OF FOX LAKE, ILLINOIS

ANNUAL FINANCIAL REPORT

APRIL 30, 2012

Village of Fox Lake, Illinois



Annual Financial Report
Year Ended April 30, 2012

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, 2012, 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, 2012, 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 2-9), budgetary information (pages 39-42), and supplemental financial information (page 43) 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.
Certified Public Accountants

Gurnee, Illinois
October 12, 2012

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2012

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, 2012. 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, 2012 by \$97,653,764 (total net assets). Of this amount, \$16,628,245 (unrestricted net assets) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net assets increased \$686,431 from current year activities.
- At April 30, 2012, the Village's governmental funds reported combined ending fund balances of \$4,728,111, an increase from current year activities of \$1,734,968.
- At April 30, 2012, the unassigned fund balance for the General Fund was \$3,266,792, or 34% of total General Fund expenditures.
- The Village's total long-term debt increased by \$106,951 due to a refunding of long-term debt in both governmental and business-type activities. Also, an additional debt certificate was taken out within the refunding of the debt.

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 10 and 11 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 the comparison between the fund financial statements and the government-wide statements.

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 12 through 15 of this report.

Proprietary Funds. The Village maintains enterprise funds. These 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.

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 16 through 18 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 19 and 20 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 21 through 38 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information comparing the Village's appropriation (budget) to actual revenues and expenditures for the General Fund and major special revenue funds. Required supplementary information can be found on pages 39 through 42 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 \$97,653,764 at April 30, 2012.

By far, the largest portion of the Village's net assets (81%) 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	
	04/30/12	04/30/11	04/30/12	04/30/11	04/30/12	04/30/11
Current and Other Assets	\$ 8,675,697	\$ 6,673,985	\$ 15,842,861	\$ 20,070,546	\$ 24,518,558	\$ 26,744,531
Capital Assets	31,495,597	32,002,123	55,132,670	50,880,806	86,628,267	82,882,929
Total Assets	<u>\$ 40,171,294</u>	<u>\$ 38,676,108</u>	<u>\$ 70,975,531</u>	<u>\$ 70,951,352</u>	<u>\$ 111,146,825</u>	<u>\$ 109,627,460</u>
Long-Term Liabilities						
Outstanding	\$ 4,332,352	\$ 3,586,397	\$ 4,379,178	\$ 4,619,649	\$ 8,711,530	\$ 8,206,046
Other Liabilities	3,935,494	4,037,429	846,037	416,652	4,781,531	4,454,081
Total Liabilities	<u>\$ 8,267,846</u>	<u>\$ 7,623,826</u>	<u>\$ 5,225,215</u>	<u>\$ 5,036,301</u>	<u>\$ 13,493,061</u>	<u>\$ 12,660,127</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	\$ 27,894,150	\$ 28,729,976	\$ 50,868,872	\$ 46,362,937	\$ 78,763,022	\$ 75,092,913
Restricted	1,301,231	856,527	961,266	992,767	2,262,497	1,849,294
Unrestricted	2,708,067	1,465,779	13,920,178	18,559,347	16,628,245	20,025,126
Total Net Assets	<u>\$ 31,903,448</u>	<u>\$ 31,052,282</u>	<u>\$ 65,750,316</u>	<u>\$ 65,915,051</u>	<u>\$ 97,653,764</u>	<u>\$ 96,967,333</u>

An additional portion of the Village's net assets (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$16,628,245) may be used to meet the Village's ongoing obligations to citizens and creditors.

Governmental Activities. Governmental activities increased the Village's net assets by \$851,166. Key differences from the prior year are as follows:

Village of Fox Lake, Illinois' Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	04/30/12	04/30/11	04/30/12	04/30/11	04/30/12	04/30/11
Revenues						
Program Revenues						
Charges for Services	\$ 3,434,529	\$ 3,210,242	\$ 8,088,237	\$ 8,316,598	\$ 11,522,766	\$ 11,526,840
Operating Grants and Contributions	94,059	131,732	-	-	94,059	131,732
General Revenues						
Property Taxes	3,366,968	3,324,586	-	-	3,366,968	3,324,586
Sales and Use Taxes	2,871,826	2,649,975	-	-	2,871,826	2,649,975
Other Taxes	2,176,198	2,071,250	-	-	2,176,198	2,071,250
Other	1,201	1,897	31,038	84,838	32,239	86,735
Total Revenues	\$ 11,944,781	\$ 11,389,682	\$ 8,119,275	\$ 8,401,436	\$ 20,064,056	\$ 19,791,118
Expenses						
General Government	\$ 2,438,892	\$ 1,796,130	\$ -	\$ -	\$ 2,438,892	\$ 1,796,130
Public Safety	5,771,150	5,919,793	-	-	5,771,150	5,919,793
Public Works	2,500,654	2,536,708	-	-	2,500,654	2,536,708
Parks and Recreation	238,665	227,912	-	-	238,665	227,912
Interest and Fees	144,254	154,835	-	-	144,254	154,835
Water and Sewer	-	-	2,588,271	2,463,389	2,588,271	2,463,389
Water Reclamation	-	-	5,538,585	5,142,019	5,538,585	5,142,019
Commuter Parking	-	-	163,331	241,601	163,331	241,601
Total Expenses	\$ 11,093,615	\$ 10,635,378	\$ 8,290,187	\$ 7,847,009	\$ 19,383,802	\$ 18,482,387
Increase/(Decrease) in Net Assets						
Before Transfers	\$ 851,166	\$ 754,304	\$ (170,912)	\$ 554,427	\$ 680,254	\$ 1,308,731
Transfers	-	-	-	-	-	-
Gain/(Loss) on Sale of Capital Assets	-	13,078	6,177	566	6,177	13,644
Increase/(Decrease) in Net Assets	\$ 851,166	\$ 767,382	\$ (164,735)	\$ 554,993	\$ 686,431	\$ 1,322,375
Net Assets Beginning of Year	31,052,282	30,299,123	65,915,051	63,758,229	96,967,333	94,057,352
Net Assets Adjustment	-	(14,223)	-	1,601,829	-	1,587,606
Net Assets End of Year	\$ 31,903,448	\$ 31,052,282	\$ 65,750,316	\$ 65,915,051	\$ 97,653,764	\$ 96,967,333

General Government expenses increased due mainly to the consolidation of the Motor Pool Fund into the Governmental Funds, which was previously reported as an internal service fund.

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

Business-Type Activities. Business-type activities decreased the Village's net assets by \$164,735. Other Income decreased due to the Village receiving a subcontract payment from the University of Illinois in fiscal year 2011, but not again in fiscal year 2012. 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, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year. At April 30, 2012, the Village's governmental funds reported combined ending fund balances of \$4,728,111, an increase of \$1,734,968 in comparison with the prior year. Approximately 66% of this total amount constitutes unassigned 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, 2012, the fund balance of the General Fund was \$4,697,206, of which \$3,266,792 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 34% of total General Fund expenditures.

The General Fund fund balance increased \$1,736,936 during the year ended April 30, 2012 due to the extent that ongoing revenue exceeded ongoing expenses.

Other significant highlights in the governmental funds for the year ended April 30, 2012 are outlined below:

- The Village refinanced two debt certificates into a new debt certificate. These debts were consolidated and an additional amount was added to the total. See Note 4 for additional information.
- The Motor Pool Fund was consolidated with the governmental funds. This was previously reported as an internal service fund.
- The revenues and expenses of the Tax Increment Financing Fund 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 \$9,894,013 as of April 30, 2011 to \$10,441,169 as of April 30, 2012. This increase was partially due to an increase in fair value of investments of \$136,373 and interest and dividends of \$185,149. \$613,050 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, 2012. Actual revenue exceeded budgeted revenue by \$264,466. This difference was mostly due to more than expected charges for services, state sales and use tax, and utility tax. Budgeted expenditures exceeded actual expenditures by \$1,551,378. The majority of this difference was due to less than expected Public Works and Capital Outlay 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, 2012 amounts to \$86,628,267 (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	
	04/30/12	04/30/11	04/30/12	04/30/11	04/30/12	04/30/11
Land	\$ 12,278,186	\$ 12,278,186	\$ 698,468	\$ 698,468	\$ 12,976,654	\$ 12,976,654
Construction in Progress	14,462	-	14,509,280	9,074,302	14,523,742	9,074,302
Buildings and Improvements	5,165,911	5,180,430	13,897,383	14,494,884	19,063,294	19,675,314
Water/Sewer System	-	-	23,204,053	23,469,361	23,204,053	23,469,361
Vehicles and Equipment	2,234,698	2,393,749	2,823,486	3,143,791	5,058,184	5,537,540
Infrastructure	11,802,340	12,149,758	-	-	11,802,340	12,149,758
Total	\$ 31,495,597	\$ 32,002,123	\$ 55,132,670	\$ 50,880,806	\$ 86,628,267	\$ 82,882,929

Major capital asset events during the year ended April 30, 2012 included the following:

- Construction in Progress additions of \$5,595,827 for plant expansion II within the Northwest Region Water Reclamation Fund.
- Water/Sewer System additions of \$604,287 for various completed pump, lift, and sewer projects within the Water Sewer Fund.

For further information, please see Note 3 on pages 28 and 29 of this report.

Long-Term Debt. At April 30, 2012, the Village had total debt outstanding of \$7,891,547.

	Governmental Activities		Business-Type Activities		Total	
	04/30/12	04/30/11	04/30/12	04/30/11	04/30/12	04/30/11
Debt Certificates	\$ 2,708,034	\$ 1,726,897	\$ 2,136,370	\$ 2,225,000	\$ 4,844,404	\$ 3,951,897
Bonds	796,973	1,535,407	2,245,000	2,430,000	3,041,973	3,965,407
Notes Payable	5,170	9,843	-	22,000	5,170	31,843
Total	\$ 3,510,177	\$ 3,272,147	\$ 4,381,370	\$ 4,677,000	\$ 7,891,547	\$ 7,949,147

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 \$27,509,640, 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 30 and 31 of this report.

Economic Factors Impacting the Budget

The Village of Fox Lake is functioning in a very guarded position in its development of this year's budget. Consumers, investments, and governmental behavior have forever changed and a new attitude is now present in how to view the future. The Village will continue to maintain a very reserved attitude about their revenue so as to be able to maintain quality community service without increasing tax burdens on its residents.

The Village approached the impact of the economy on the budget in a strategic and collaborative way. The following economic factors were significant in the development of the 12/13 budget:

Unemployment: Unemployment, although improving, remains at a high level and is expected to have an adverse impact on revenues. Fox Lake finished 2011 with an overall unemployment rate of approximately 10%.

A slow employment recovery is expected to limit the revenue growth for income tax sources.

Foreclosures: Over 225 properties were foreclosed in Fox Lake since 2010. Foreclosures adversely impact property values and income sources that are distributed on a per capita basis due to population loss. The foreclosure market is active in Fox Lake, however, its impact on the Village's revenues and services will remain suspect until the housing market is stabilized.

Equalized Assessed Valuation (E.A.V.): The Village of Fox Lake's limited development and higher than normal assessment challenges indicates that the value of the Village's land will decrease. The E.A.V. of the Village of Fox Lake decreased from \$366,342,240 to \$351,316,494, or 4.3%, in tax year 2011.

Interest Rates: The economic recession has minimized the rate of return on investments. The Federal Reserve System rate peaked in August 2007 at 5.41% and has reached a low point of .05% in 2010. Currently we are receiving an average interest rate of .08%. This low interest rate has reduced our revenue stream for the budget.

Fuel: The budget reflects a cost of \$5.00 for regular gasoline and \$5.25 for diesel fuel. Thus we have budgeted \$66,100 more in this budget for the purchase of fuel.

The Village of Fox Lake developed the budget keeping a keen eye on the economy and the effect it would have on its revenue and, of course, expenditures. The Village strategies for coping with the economic downturn are as follows:

Pursue Grants: The staff will continue to look for opportunities to supplement revenues with grants through the state and federally funded programs.

Evaluate Vacant Positions: If a position becomes available, the Village will evaluate the need for that position and either fill the position, delay the hiring process, or eliminate the position. The need to add a position will be scrutinized thoroughly before the position is added. The evaluation process of employee's has begun. Merit raises are budgeted at 2%. Union employees will receive salary increases pursuant to their collective bargaining agreements.

Reduce Overtime: Departments have developed plans to minimize overtime costs while maintaining core community services.

Cash Reserves: The 12/13 budget as presented maintains an effort to improve the Village's cash reserve. Currently, the General Fund has a four month cash reserve. The goal is to eventually have a one year cash reserve.

Fixed Energy Price Agreements: The Village of Fox Lake, due to recent deregulation, has been able to enter into a multi-year fixed price agreement for electrical energy. The Village utilizes this valuable tool for the larger energy consuming accounts of the Water and Sewer and Northwest Region Funds. This agreement has also aided the Village for electrical power for its streetlights and for other internal uses.

Issues in State of Illinois Revenue to the Village: The State of Illinois continues to address its financial challenges by reducing or eliminating promised funds to municipalities. The Village of Fox Lake has had \$50,000 of its Corporate Replacement Tax eliminated and it has had its State Income Tax in the amount of approximately \$250,000 delayed for over six months. In addition, the State had held approximately \$13,000 of the Village's Charitable Games Tax for over six months. Currently the State owes the Village over \$300,000 in State Income Tax. Last year the State of Illinois raised the State Income Tax, increasing individual and corporate tax rates. Municipalities did not receive any additional revenue from this funding.

The Village of Fox Lake will continue to monitor public safety pension legislation. Pension expenses are one of the fastest growing expenditures the Village has and undoubtedly will create future funding challenges for all municipalities. The Village is appropriately funding its pension obligations based on the results of annual actuarial studies. There is a fear as the staff ages and begins to retire that funding will be a major concern.

The Village of Fox Lake is working on the development of sound financial guidelines in constructing its budget. This has placed the Village in a stronger position to deal with the economic recession. The Village of Fox Lake recently received a bond rating of A1. This very positive rating was able to save the Village a sizable amount of insurance premiums when they secured bond and interest funds for planned capital projects. The Village also maintains debt obligations which are manageable and are paid out of their current budget.

The Village of Fox Lake understands that it must not only maintain and fund its day to day operations but it must continue to pursue the development of capital improvement projects. In many cases, these new capital improvement projects will reduce future operational costs. These cost savings will enhance the Village of Fox Lake's ability to contend with the many pressures that are placed upon it by state and

federal mandates, tax caps, declining revenue sources, escalating insurance and pension costs and other costs while keeping up with the demand for services from residents and businesses.

This budget process is transparent and makes the Village Administration, Village Officials, employees, and residents more aware of the projects and their costs in operating the various departments within the Village. The budget's purpose is to maintain a sound financial base for the benefit of the residents of the community and the improvement of the Village's infrastructure.

This budget is a result of the combined leadership of the elected officials, support of the public, and experience and skills of the Village staff to focus on the importance of delivering uninterrupted, high quality service to the public. This budget will serve as a guide to maintain efficient and effective municipal service and accomplish many of the Village's financial objectives.

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.

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BASIC FINANCIAL STATEMENTS

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VILLAGE OF FOX LAKE, ILLINOIS
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS
 APRIL 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,611,676	\$ 10,544,619	\$ 14,156,295
Investments	-	2,013,903	2,013,903
Prepaid Expenses	57,046	22,343	79,389
Inventory, at cost	79,565	-	79,565
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Accounts Receivable	262,391	2,186,773	2,449,164
Property Taxes	3,282,984	-	3,282,984
Due from Other Governmental Units	1,294,861	-	1,294,861
Other Receivables	38,373	-	38,373
Restricted Assets			
Cash and Cash Equivalents	-	771,266	771,266
Deposit with Paying Agent	-	190,000	190,000
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	12,292,648	15,207,748	27,500,396
Other Capital Assets, Net of Depreciation	19,202,949	39,924,922	59,127,871
Unamortized Bond Cost (Net of Related Amortization)	48,801	113,957	162,758
TOTAL ASSETS	\$ 40,171,294	\$ 70,975,531	\$ 111,146,825
LIABILITIES			
Accounts Payable	\$ 486,057	\$ 810,352	\$ 1,296,409
Accrued Expenses	135,654	35,685	171,339
Deferred Revenue	3,282,984	-	3,282,984
Due to Depositors	15,737	-	15,737
Other Payables	15,062	-	15,062
Net Pension Obligations	373,272	-	373,272
Net OPEB Obligations	25,261	-	25,261
Non-Current Liabilities			
Due Within One Year	210,155	724,115	934,270
Due in More Than One Year	3,723,664	3,655,063	7,378,727
TOTAL LIABILITIES	\$ 8,267,846	\$ 5,225,215	\$ 13,493,061
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 27,894,150	\$ 50,868,872	\$ 78,763,022
Restricted for:			
Charitable Games	6,171	-	6,171
DUI	19,673	-	19,673
Improvements Around NW Region	384,521	-	384,521
Motor Fuel Tax	554,964	-	554,964
Insurance	335,902	-	335,902
Debt Service	-	961,266	961,266
Unrestricted/(Deficit)	2,708,067	13,920,178	16,628,245
TOTAL NET ASSETS	\$ 31,903,448	\$ 65,750,316	\$ 97,653,764

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, 2012

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
General Government	\$ 2,438,892	\$ 2,133,910	\$ 93,918
Public Safety	5,771,150	462,623	-
Public Works	2,500,654	754,700	-
Parks and Recreation	238,665	83,296	141
Interest and Fees on Long-Term Debt	144,254	-	-
	<u>\$ 11,093,615</u>	<u>\$ 3,434,529</u>	<u>\$ 94,059</u>
Business-Type Activities			
Water and Sewer	\$ 2,588,271	\$ 2,623,644	\$ -
Water Reclamation	5,538,585	5,314,483	-
Commuter Parking	163,331	150,110	-
	<u>\$ 8,290,187</u>	<u>\$ 8,088,237</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 19,383,802</u>	<u>\$ 11,522,766</u>	<u>\$ 94,059</u>

General Revenues

Taxes

 Property Tax, Levied for General Purposes

 State Sales and Use 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, 2011

Net Assets - April 30, 2012

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
\$ (211,064)	\$ -	\$ (211,064)
(5,308,527)	-	(5,308,527)
(1,745,954)	-	(1,745,954)
(155,228)	-	(155,228)
(144,254)	-	(144,254)
<u>\$ (7,565,027)</u>	<u>\$ -</u>	<u>\$ (7,565,027)</u>
\$ -	\$ 35,373	\$ 35,373
-	(224,102)	(224,102)
-	(13,221)	(13,221)
<u>\$ -</u>	<u>\$ (201,950)</u>	<u>\$ (201,950)</u>
\$ (7,565,027)	\$ (201,950)	\$ (7,766,977)
\$ 3,366,968	\$ -	\$ 3,366,968
2,871,826	-	2,871,826
909,022	-	909,022
316,313	-	316,313
950,863	-	950,863
1,201	31,038	32,239
-	6,177	6,177
<u>\$ 8,416,193</u>	<u>\$ 37,215</u>	<u>\$ 8,453,408</u>
\$ 851,166	\$ (164,735)	\$ 686,431
<u>31,052,282</u>	<u>65,915,051</u>	<u>96,967,333</u>
<u>\$ 31,903,448</u>	<u>\$ 65,750,316</u>	<u>\$ 97,653,764</u>

VILLAGE OF FOX LAKE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2012

	General Fund	Fire Protection Fund	Non-Major Tax Increment Financing Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,574,119	\$ -	\$ 175,886	\$ 3,750,005
Prepaid Expenses	49,618	7,428	-	57,046
Inventory	79,565	-	-	79,565
Receivables (Net of Allowance for Estimated Uncollectible Amounts)				
Accounts Receivable	262,391	-	-	262,391
Property Taxes	2,119,875	1,163,109	-	3,282,984
Due from Other Governmental Units	1,294,861	-	-	1,294,861
Due from Other Funds	6,104	-	-	6,104
Other Receivables	38,373	-	-	38,373
TOTAL ASSETS	\$ 7,424,906	\$ 1,170,537	\$ 175,886	\$ 8,771,329
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Overdrafts	\$ -	\$ 138,329	\$ -	\$ 138,329
Accounts Payable	478,081	7,976	-	486,057
Accrued Expenses	98,945	-	-	98,945
Due to Other Funds	-	-	6,104	6,104
Deferred Revenue	2,119,875	1,163,109	-	3,282,984
Due to Depositors	15,737	-	-	15,737
Other Payables	15,062	-	-	15,062
TOTAL LIABILITIES	\$ 2,727,700	\$ 1,309,414	\$ 6,104	\$ 4,043,218
FUND BALANCES				
Nonspendable:				
Prepaid Expense	\$ 49,618	\$ 7,428	\$ -	\$ 57,046
Inventory	79,565	-	-	79,565
Restricted for:				
Charitable Games	6,171	-	-	6,171
DUI	19,673	-	-	19,673
Improvements Around NW Region	384,521	-	-	384,521
Motor Fuel Tax	554,964	-	-	554,964
Insurance	335,902	-	-	335,902
Tax Increment Financing	-	-	169,782	169,782
Assigned for:				
Fire Protection	-	-	-	-
Unassigned	3,266,792	(146,305)	-	3,120,487
TOTAL FUND BALANCES	\$ 4,697,206	\$ (138,877)	\$ 169,782	\$ 4,728,111
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,424,906	\$ 1,170,537	\$ 175,886	\$ 8,771,329

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, 2012

Total Fund Balances - Governmental Funds		\$ 4,728,111
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		31,495,597
Net Pension Obligation is not included in the governmental funds.		(373,272)
Net OPEB Obligation is not included in the governmental funds.		(25,261)
Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.		
Debt Issuance Costs, net of related amortization	\$ 48,801	
Bond Premiums, net of related amortization	<u>(91,269)</u>	
		(42,468)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable	\$ (3,510,177)	
Compensated Absences	(332,372)	
Accrued Interest on Long-Term Debt	<u>(36,710)</u>	
		<u>(3,879,259)</u>
Net Assets of Governmental Activities		<u><u>\$ 31,903,448</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, 2012

	General Fund	Fire Protection Fund	Non-Major Tax Increment Financing Fund	Total Governmental Funds
REVENUES				
Local Taxes				
Property Tax	\$ 2,175,019	\$ 1,145,791	\$ 46,158	\$ 3,366,968
Intergovernmental				
State Sales and Use Tax	2,871,826	-	-	2,871,826
State Income Tax	909,022	-	-	909,022
State Replacement Tax	60,521	-	-	60,521
State Motor Fuel Tax	316,313	-	-	316,313
Hotel/Motel Tax	7,879	-	-	7,879
State Pull Tab/Games Tax	3,124	-	-	3,124
State Telecommunications Tax	307,388	-	-	307,388
Utility Tax	571,951	-	-	571,951
State Grants	37,182	-	-	37,182
Federal Grants	55,647	-	-	55,647
Other Local Sources				
Franchise Fees	123,096	-	-	123,096
Licenses and Permits	310,942	-	-	310,942
Fines and Forfeitures	376,494	-	-	376,494
Charges for Services	2,443,852	-	-	2,443,852
Interest	1,197	-	4	1,201
Miscellaneous				
Donations	1,230	-	-	1,230
Fire Department Reimbursements	-	98,200	-	98,200
Impact Fees	2,000	-	-	2,000
Other Miscellaneous	37,966	41,979	-	79,945
	<u>\$ 10,612,649</u>	<u>\$ 1,285,970</u>	<u>\$ 46,162</u>	<u>\$ 11,944,781</u>
EXPENDITURES				
Current				
General Government	\$ 2,170,437	\$ -	\$ 1,349	\$ 2,171,786
Public Safety	4,213,202	1,332,751	-	5,545,953
Public Works	1,814,703	-	-	1,814,703
Parks and Recreation	198,327	-	-	198,327
Capital Outlay	522,497	-	-	522,497
Debt Service				
Principal	456,821	-	-	456,821
Interest and Fees	172,156	-	-	172,156
Bond Issuance Costs	53,237	-	-	53,237
	<u>\$ 9,601,380</u>	<u>\$ 1,332,751</u>	<u>\$ 1,349</u>	<u>\$ 10,935,480</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,011,269</u>	<u>\$ (46,781)</u>	<u>\$ 44,813</u>	<u>\$ 1,009,301</u>
OTHER FINANCING SOURCES/(USES)				
Proceeds from Sale of Bonds	\$ 2,398,196	\$ -	\$ -	\$ 2,398,196
Pay-off of Refunded Bonds	(1,603,779)	-	-	(1,603,779)
	<u>\$ 794,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,417</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,805,686</u>	<u>\$ (46,781)</u>	<u>\$ 44,813</u>	<u>\$ 1,803,718</u>
FUND BALANCES - MAY 1, 2011	2,960,270	(92,096)	124,969	2,993,143
FUND BALANCE ADJUSTMENT (Note 17)	<u>(68,750)</u>	<u>-</u>	<u>-</u>	<u>(68,750)</u>
FUND BALANCES - APRIL 30, 2012	<u>\$ 4,697,206</u>	<u>\$ (138,877)</u>	<u>\$ 169,782</u>	<u>\$ 4,728,111</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, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 1,803,718

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	\$ (899,106)	
Capital Outlays	<u>392,580</u>	(506,526)

The change in the Net Pension Obligation is not included in the governmental funds. (138,632)

The change in the Net OPEB Obligation is not included in the governmental funds. (25,261)

Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balance, but issuing debt increases long-term liabilities in the Statement of Net Assets and is therefore not reported in the Statement of Activities.

Bond Proceeds	\$ (2,298,630)	
Premium on Bonds Sold	<u>(99,566)</u>	(2,398,196)

Long-term debt issuance costs decrease current financial resources in the governmental funds and are therefore shown as expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but debt issuance costs are amortized and reported as an asset in the Statement of Net Assets and are therefore not reported in the Statement of Activities.

Bond Issuance Costs 53,237

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	\$ 27,902	
Compensated Absences	(29,537)	
Debt Issuance Costs - Amortization	(4,436)	
Bond Premium - Amortization	<u>8,297</u>	
		2,226

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 2,060,600

Change in Net Assets of Governmental Activities \$ 851,166

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, 2012

	Business-Type Activities - Enterprise Funds			Total
	Water and Sewer Fund	Northwest Region Water Reclamation Fund	Non-Major Commuter Parking Lot Fund	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 453,544	\$ 9,968,607	\$ 122,468	\$ 10,544,619
Investments	303,013	1,710,890	-	2,013,903
Prepaid Expenses	9,998	12,345	-	22,343
Receivables (Net of Allowance for Estimated Uncollectible Amounts)				
Accounts Receivable	428,585	1,758,188	-	2,186,773
	<u>\$ 1,195,140</u>	<u>\$ 13,450,030</u>	<u>\$ 122,468</u>	<u>\$ 14,767,638</u>
Non-Current Assets				
Restricted Assets				
Cash and Cash Equivalents	\$ 771,266	\$ -	\$ -	\$ 771,266
Deposit with Paying Agent	190,000	-	-	190,000
Capital Assets				
Non-Depreciable Capital Assets	778,169	14,283,729	145,850	15,207,748
Depreciable Capital Assets	21,869,049	50,440,159	741,137	73,050,345
Less: Accumulated Depreciation	(8,659,666)	(23,909,104)	(556,653)	(33,125,423)
Unamortized Bond Cost (Net of Related Amortization)	113,957	-	-	113,957
	<u>\$ 15,062,775</u>	<u>\$ 40,814,784</u>	<u>\$ 330,334</u>	<u>\$ 56,207,893</u>
TOTAL ASSETS	<u>\$ 16,257,915</u>	<u>\$ 54,264,814</u>	<u>\$ 452,802</u>	<u>\$ 70,975,531</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 40,949	\$ 767,206	\$ 2,197	\$ 810,352
Accrued Expenses	9,364	26,260	61	35,685
Debt Certificates Payable	550,029	-	-	550,029
Bonds Payable	174,086	-	-	174,086
	<u>\$ 774,428</u>	<u>\$ 793,466</u>	<u>\$ 2,258</u>	<u>\$ 1,570,152</u>
Non-Current Liabilities				
Compensated Absences	\$ 26,820	\$ 88,560	\$ -	\$ 115,380
Debt Certificates Payable	1,611,987	-	-	1,611,987
Bonds Payable	1,927,696	-	-	1,927,696
	<u>\$ 3,566,503</u>	<u>\$ 88,560</u>	<u>\$ -</u>	<u>\$ 3,655,063</u>
TOTAL LIABILITIES	<u>\$ 4,340,931</u>	<u>\$ 882,026</u>	<u>\$ 2,258</u>	<u>\$ 5,225,215</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 9,723,754	\$ 40,814,784	\$ 330,334	\$ 50,868,872
Restricted for:				
Debt Service	961,266	-	-	961,266
Unrestricted/(Deficit)	1,231,964	12,568,004	120,210	13,920,178
TOTAL NET ASSETS	<u>\$ 11,916,984</u>	<u>\$ 53,382,788</u>	<u>\$ 450,544</u>	<u>\$ 65,750,316</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, 2012

	Business-Type Activities - Enterprise Funds			Total
	Water and Sewer Fund	Northwest Region Water Reclamation Fund	Non-Major Commuter Parking Lot Fund	
OPERATING REVENUES				
Charges for Services	\$ 2,623,644	\$ 5,314,483	\$ 150,110	\$ 8,088,237
	<u>\$ 2,623,644</u>	<u>\$ 5,314,483</u>	<u>\$ 150,110</u>	<u>\$ 8,088,237</u>
OPERATING EXPENSES				
Administration	\$ 231,141	\$ 801,812	\$ 74,758	\$ 1,107,711
Operations	1,593,393	3,327,068	82,520	5,002,981
Depreciation	470,890	1,409,705	6,053	1,886,648
Amortization	98,207	-	-	98,207
	<u>\$ 2,393,631</u>	<u>\$ 5,538,585</u>	<u>\$ 163,331</u>	<u>\$ 8,095,547</u>
OPERATING INCOME/(LOSS)	<u>\$ 230,013</u>	<u>\$ (224,102)</u>	<u>\$ (13,221)</u>	<u>\$ (7,310)</u>
NON-OPERATING REVENUE/(EXPENSE)				
Interest Income	\$ 2,581	\$ 28,423	\$ 34	\$ 31,038
Interest Expense	(194,640)	-	-	(194,640)
Gain/(Loss) on Disposal of Assets	6,000	-	177	6,177
	<u>\$ (186,059)</u>	<u>\$ 28,423</u>	<u>\$ 211</u>	<u>\$ (157,425)</u>
CHANGE IN NET ASSETS	\$ 43,954	\$ (195,679)	\$ (13,010)	\$ (164,735)
NET ASSETS - MAY 1, 2011	<u>11,873,030</u>	<u>53,578,467</u>	<u>463,554</u>	<u>65,915,051</u>
NET ASSETS - APRIL 30, 2012	<u>\$ 11,916,984</u>	<u>\$ 53,382,788</u>	<u>\$ 450,544</u>	<u>\$ 65,750,316</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, 2012

	Business-Type Activities - Enterprise Funds			Total
	Water and Sewer Fund	Northwest Region Water Reclamation Fund	Non-Major Commuter Parking Lot Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 2,621,405	\$ 5,344,958	\$ 150,110	\$ 8,116,473
Payments to Suppliers for Goods and Services	(1,056,661)	(1,242,329)	(76,929)	(2,375,919)
Payments to Employees for Services	(635,896)	(1,466,419)	(2,932)	(2,105,247)
Payments to Other Funds for Services	(248,321)	(813,975)	(74,758)	(1,137,054)
Other Receipts/(Payments)	130,000	-	-	130,000
Net Cash Provided/(Used) by Operating Activities	<u>\$ 810,527</u>	<u>\$ 1,822,235</u>	<u>\$ (4,509)</u>	<u>\$ 2,628,253</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the Sale of Capital Assets	\$ 6,000	\$ -	\$ 177	\$ 6,177
Purchase of Capital Assets	(489,816)	(5,648,696)	-	(6,138,512)
Interest Paid on Capital Debt	(194,640)	-	-	(194,640)
Principal Paid on Capital Debt	(342,000)	-	-	(342,000)
Debt Refunding	25,931	-	-	25,931
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (994,525)</u>	<u>\$ (5,648,696)</u>	<u>\$ 177</u>	<u>\$ (6,643,044)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Cash and Cash Equivalents and Investments	\$ 2,581	\$ 28,423	\$ 34	\$ 31,038
Purchase/Reclassification of Investments	(830)	2,308,780	-	2,307,950
Net Cash Provided/(Used) by Investing Activities	<u>\$ 1,751</u>	<u>\$ 2,337,203</u>	<u>\$ 34</u>	<u>\$ 2,338,988</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ (182,247)</u>	<u>\$ (1,489,258)</u>	<u>\$ (4,298)</u>	<u>\$ (1,675,803)</u>
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2011 (INCLUDING RESTRICTED CASH AND OVERDRAFTS)	<u>1,407,057</u>	<u>11,457,865</u>	<u>126,766</u>	<u>12,991,688</u>
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2012 (INCLUDING RESTRICTED CASH AND OVERDRAFTS)	<u>\$ 1,224,810</u>	<u>\$ 9,968,607</u>	<u>\$ 122,468</u>	<u>\$ 11,315,885</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES				
Operating Income/(Loss)	\$ 230,013	\$ (224,102)	\$ (13,221)	\$ (7,310)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation Expense	470,890	1,409,705	6,053	1,886,648
Amortization Expense	98,207	-	-	98,207
Change in assets and liabilities:				
Deposit with Paying Agent	130,000	-	-	130,000
Prepaid Expenses	13,620	30,224	5,643	49,487
Accounts Receivable	(2,239)	30,475	-	28,236
Accounts Payable	(133,399)	558,753	(2,999)	422,355
Accrued Expenses	458	6,557	15	7,030
Compensated Absences	2,977	10,623	-	13,600
Net Cash Provided/(Used) by Operating Activities	<u>\$ 810,527</u>	<u>\$ 1,822,235</u>	<u>\$ (4,509)</u>	<u>\$ 2,628,253</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, 2012

	<u>POLICE AND FIRE PENSION TRUST FUNDS</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,292,234
Investments	9,107,511
Receivables (Net of Allowance for Estimated Uncollectible Amounts)	
Accrued Interest	<u>41,424</u>
TOTAL ASSETS	<u>\$ 10,441,169</u>
 LIABILITIES	 <u>\$ -</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 10,441,169</u></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, 2012

	<u>POLICE AND FIRE PENSION TRUST FUNDS</u>
ADDITIONS	
Contributions	
Employer	\$ 450,123
Plan Members	162,927
Miscellaneous	271
Total Contributions	<u>\$ 613,321</u>
Investment Income	
Interest and Dividends	\$ 185,149
Gain/(Loss) on Sale of Investments	7,312
Net Increase/(Decrease) in Fair Value of Investments	136,373
	<u>\$ 328,834</u>
Less: Investment Management Fees	(22,017)
Net Investment Income	<u>\$ 306,817</u>
TOTAL ADDITIONS	<u>\$ 920,138</u>
DEDUCTIONS	
Benefits	\$ 352,059
Administrative Expenses	20,923
TOTAL DEDUCTIONS	<u>\$ 372,982</u>
NET INCREASE/(DECREASE)	\$ 547,156
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2011	<u>9,894,013</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2012	<u><u>\$ 10,441,169</u></u>

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

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

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, sale taxes, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

depreciation) by related program revenues, operating and capital grants. Program revenues must be directly 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 and use 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 following is a description of the proprietary funds of the Village:

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.

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.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

2. Modified Accrual (Continued)

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, 2012 the Village has \$3,282,984 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, 2012 the Fire Protection Fund had a cash overdraft of \$138,329.

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	\$	6,579
General Fund Accounts Receivable		976
General Fund Other Receivables		23,974
Water and Sewer Fund Accounts Receivable		3,904
Northwest Region Water Reclamation Accounts Receivable		4,881

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Inventories*

Inventories are accounted for at cost within the General 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 divided between nonspendable and spendable.

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. *Governmental Fund Balances (Continued)*

3. Assigned – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The Village has not delegated this authority to an appointed body or official.

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

4. Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash. This classification is also used to represent negative fund balances in special revenue funds.

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

P. *Property Tax Calendar and Revenues*

The Village's property tax is levied each calendar year on all taxable real property located within the Village's borders on or before the last Tuesday in December. The 2011 levy was passed by the Board on December 13, 2011. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the Village's name.

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, 2012, 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	\$ 2,296,643	\$ 2,296,643	\$ -	\$ -	\$ -
US Treasury Notes/Strips	2,028,655	598,592	370,449	791,926	267,688
Federal Home Loan Bank	993,635	-	566,770	426,865	-
Federal Farm Credit Bank	798,531	-	159,890	456,887	181,754
Federal Home Loan Mtg Corp	119,184	-	119,184	-	-
Federal National Mtg Assn	279,277	-	100,561	178,716	-
Municipal Bonds	337,361	52,524	223,932	60,905	-
Money Markets	759,341	759,341	-	-	-
Mutual Funds	4,471,045	4,471,045	-	-	-
Total	\$ 12,083,672	\$ 8,178,145	\$ 1,540,786	\$ 1,915,299	\$ 449,442

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.

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, 2012, the Village's investments were rated as follows:

Investment	Credit Rating	Rating Source
Illinois Funds Investment Pool	AAA	Standard and Poor's
IMET Investment Pool	AAA	Standard and Poor's
Federal Home Loan Bank	AA	Standard and Poor's
Federal Farm Credit Bank	AA	Standard and Poor's
Federal Home Loan Mtg Corp	AA	Standard and Poor's
Federal National Mtg Assn	AA	Standard and Poor's
Municipal Bonds	AA	Standard and Poor's
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% of the Village's investments, other than external investment pools, U.S. Government Obligations, and Mutual Funds, are in Federal Home Loan Bank (8%) and Federal Farm Credit Bank (7%).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance April 30, 2011	Increases	Decreases	Balance April 30, 2012
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 12,278,186	\$ -	\$ -	\$ 12,278,186
Construction in Progress	-	14,462	-	14,462
Total Capital Assets not being depreciated	<u>\$ 12,278,186</u>	<u>\$ 14,462</u>	<u>\$ -</u>	<u>\$ 12,292,648</u>
Other Capital Assets				
Buildings and Improvements	\$ 7,906,201	\$ 172,735	\$ -	\$ 8,078,936
Equipment	2,040,939	87,636	-	2,128,575
Vehicles	4,929,807	117,747	-	5,047,554
Infrastructure	17,370,862	-	-	17,370,862
Total Other Capital Assets at Historical Cost	<u>\$ 32,247,809</u>	<u>\$ 378,118</u>	<u>\$ -</u>	<u>\$ 32,625,927</u>
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 2,725,771	\$ 187,254	\$ -	\$ 2,913,025
Equipment	1,039,527	123,642	-	1,163,169
Vehicles	3,537,470	240,792	-	3,778,262
Infrastructure	5,221,104	347,418	-	5,568,522
Total Accumulated Depreciation	<u>\$ 12,523,872</u>	<u>\$ 899,106</u>	<u>\$ -</u>	<u>\$ 13,422,978</u>
Other Capital Assets, Net	<u>\$ 19,723,937</u>	<u>\$ (520,988)</u>	<u>\$ -</u>	<u>\$ 19,202,949</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,002,123</u>	<u>\$ (506,526)</u>	<u>\$ -</u>	<u>\$ 31,495,597</u>
Business-Type Activities				
Capital Assets not being depreciated				
Land	\$ 698,468	\$ -	\$ -	\$ 698,468
Construction in Progress	9,074,302	5,759,064	324,086	14,509,280
Total Capital Assets not being depreciated	<u>\$ 9,772,770</u>	<u>\$ 5,759,064</u>	<u>\$ 324,086</u>	<u>\$ 15,207,748</u>
Other Capital Assets				
Buildings and Improvements	\$ 27,830,131	\$ 13,255	\$ -	\$ 27,843,386
Water/Sewer System	38,235,274	621,902	-	38,857,176
Vehicles and Equipment	6,281,405	68,378	-	6,349,783
Total Other Capital Assets at Historical Cost	<u>\$ 72,346,810</u>	<u>\$ 703,535</u>	<u>\$ -</u>	<u>\$ 73,050,345</u>
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 13,335,247	\$ 610,756	\$ -	\$ 13,946,003
Water/Sewer System	14,765,913	887,210	-	15,653,123
Vehicles and Equipment	3,137,614	388,683	-	3,526,297
Total Accumulated Depreciation	<u>\$ 31,238,774</u>	<u>\$ 1,886,649</u>	<u>\$ -</u>	<u>\$ 33,125,423</u>
Other Capital Assets, Net	<u>\$ 41,108,036</u>	<u>\$ (1,183,114)</u>	<u>\$ -</u>	<u>\$ 39,924,922</u>
Business-Type Activities Capital Assets, Net	<u>\$ 50,880,806</u>	<u>\$ 4,575,950</u>	<u>\$ 324,086</u>	<u>\$ 55,132,670</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 47,323
Public Safety	381,360
Public Works	428,856
Parks and Recreation	41,567
Total Governmental Activities Depreciation Expense	<u>\$ 899,106</u>
Business-Type Activities	
Water and Sewer	\$ 470,890
Water Reclamation	1,409,705
Commuter Parking	6,053
Total Business-Type Activities Depreciation Expense	<u>\$ 1,886,648</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2012 was as follows:

	Balance May 1, 2011	Additions	Retirements	Balance April 30, 2012	Amounts Due Within One Year
Governmental Activities					
Long-Term Debt					
Debt Certificates	\$ 1,726,897	\$ 2,298,630	\$ 1,317,493	\$ 2,708,034	\$ 111,603
Bonds	1,535,407	-	738,434	796,973	85,085
Notes Payable	9,843	-	4,673	5,170	5,170
Total Long-Term Debt	<u>\$ 3,272,147</u>	<u>\$ 2,298,630</u>	<u>\$ 2,060,600</u>	<u>\$ 3,510,177</u>	<u>\$ 201,858</u>
Other Long-Term Obligations					
Bond Premiums, net of Amortization	\$ -	\$ 99,566	\$ 8,297	\$ 91,269	\$ 8,297
Compensated Absences	314,250	29,537	11,414	332,373	-
Total Other Long-Term Obligations	<u>\$ 314,250</u>	<u>\$ 129,103</u>	<u>\$ 19,711</u>	<u>\$ 423,642</u>	<u>\$ 8,297</u>
Governmental Activities Long-Term Obligations	<u>\$ 3,586,397</u>	<u>\$ 2,427,733</u>	<u>\$ 2,080,311</u>	<u>\$ 3,933,819</u>	<u>\$ 210,155</u>
Business-Type Activities					
Long-Term Debt					
Debt Certificates	\$ 2,225,000	\$ 2,136,370	\$ 2,225,000	\$ 2,136,370	\$ 545,000
Bonds	2,430,000	-	185,000	2,245,000	190,000
Notes Payable	22,000	-	22,000	-	-
Total Long-Term Debt	<u>\$ 4,677,000</u>	<u>\$ 2,136,370</u>	<u>\$ 2,432,000</u>	<u>\$ 4,381,370</u>	<u>\$ 735,000</u>
Other Long-Term Obligations					
Deferred Loss on Refunding	\$ (159,131)	\$ (32,924)	\$ (18,906)	\$ (173,149)	\$ (18,906)
Bond Premiums, net of Amortization	-	63,598	8,021	55,577	8,021
Compensated Absences	101,780	13,600	-	115,380	-
Total Other Long-Term Obligations	<u>\$ (57,351)</u>	<u>\$ 44,274</u>	<u>\$ (10,885)</u>	<u>\$ (2,192)</u>	<u>\$ (10,885)</u>
Business-Type Activities Long-Term Obligations	<u>\$ 4,619,649</u>	<u>\$ 2,180,644</u>	<u>\$ 2,421,115</u>	<u>\$ 4,379,178</u>	<u>\$ 724,115</u>

Bonds and notes payable consisted of the following at April 30, 2012:

	Maturity Dates	Interest Rates	Face Amount	Carrying Amount
Governmental Activities:				
Debt Certificates Series 2004 Dated 7/15/04	07/15/12	4.125%	\$ 260,000	\$ 12,904
Debt Certificates Series 2005 Dated 11/15/05	11/15/13	3.95%	500,000	145,000
Debt Certificates Series 2006 Dated 5/15/06	05/15/16	4.4%	249,000	83,500
Debt Certificates Series 2007 Dated 12/3/07	01/01/23	4.4%	212,000	168,000
Bond Series 2003 Dated 6/30/03	06/30/19	4.375%	1,300,000	796,973
Note Payable Dated 4/22/03	04/30/13	6.5%	40,000	5,170
Debt Certificate Series 2011B Dated 11/15/11	11/01/23	2.5% - 4.5%	2,298,630	2,298,630
Business-Type Activities:				
Refunding Bonds Series 2003 Dated 6/26/03	05/01/21	2% - 3.875%	2,325,000	1,590,000
Refunding Bonds Series 2007 Dated 12/10/07	05/01/21	4.2%	850,000	655,000
Refunding Debt Certificates Series 2011A Dated 11/15/11	11/01/13	2% - 2.25%	795,000	795,000
Debt Certificate Series 2011B Dated 11/15/11	11/01/23	2.5% - 4.5%	1,341,370	1,341,370

At April 30, 2012 the annual debt service requirements to service long-term debt attributable to governmental activities are:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 201,858	\$ 127,857	\$ 329,715
2014	395,733	122,281	518,014
2015	438,347	109,014	547,361
2016	443,468	95,693	539,161
2017	376,098	77,497	453,595
2018	278,691	62,164	340,855
2019	290,700	52,074	342,774
2020	298,751	41,132	339,883
2021	190,660	30,288	220,948
2022	197,975	23,462	221,437
2023	208,448	14,571	223,019
2024	189,448	6,631	196,079
	<u>\$ 3,510,177</u>	<u>\$ 762,664</u>	<u>\$ 4,272,841</u>

At April 30, 2012 the annual debt service requirements to service long-term debt attributable to business-type activities are:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 735,000	\$ 93,190	\$ 828,190
2014	562,923	121,646	684,569
2015	389,254	108,978	498,232
2016	394,254	96,962	491,216
2017	366,876	81,829	448,705
2018	317,127	67,904	385,031
2019	495,812	53,258	549,070
2020	347,655	37,783	385,438
2021	346,340	25,267	371,607
2022	205,025	14,801	219,826
2023	110,552	8,015	118,567
2024	110,552	3,870	114,422
	<u>\$ 4,381,370</u>	<u>\$ 713,503</u>	<u>\$ 5,094,873</u>

NOTE 5 - DEFICIT FUND BALANCE/NET ASSETS

At April 30, 2012 a deficit fund balance/net assets existed in the following fund:

<u>Fund</u>	<u>April 30, 2012 Fund Balance/ Net Assets</u>
Fire Protection Fund	\$ (138,877)

NOTE 6 - PROPERTY TAXES

Property taxes receivable and deferred revenue recorded in these financial statements are from the 2011 tax levy. The deferred revenue is 100% of the 2011 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 2012. The Village has determined that 100% of the amounts collected for the 2010 and prior levies (\$3,366,968) are allocable for use in fiscal year 2012 and, therefore, are recorded in these financial statements as property taxes revenue. A summary of the assessed valuation, rates, and extensions for the years 2011, 2010, and 2009 follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - PROPERTY TAXES (Continued)

Lake County

Tax Year	2011		2010		2009	
Assessed Valuation	\$301,103,884		\$329,351,168		\$344,327,343	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.2590	\$ 779,859	0.2290	\$ 754,214	0.2170	\$ 747,190
Ambulance	0.1780	535,965	0.1590	523,668	0.1500	516,491
Audit	0.0050	15,055	0.0040	13,174	0.0030	10,330
Fire Protection	0.1900	572,097	0.1700	559,897	0.1610	554,367
IMRF	0.0370	111,408	0.0320	105,392	0.0300	103,298
Police Pension	0.1440	433,590	0.1280	421,570	0.1210	416,636
Police Protection	0.0690	207,762	0.0610	200,904	0.0570	196,267
Social Security	0.0470	141,519	0.0410	135,034	0.0380	130,844
Insurance	0.1040	313,148	0.0920	303,003	0.0870	299,565
Total Taxes Extended	1.0330	\$ 3,110,403	0.9160	\$ 3,016,856	0.8640	\$ 2,974,988

McHenry County

Tax Year	2011		2010		2009	
Assessed Valuation	\$17,848,466		\$21,965,326		\$22,015,077	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.2663	\$ 47,528	0.2489	\$ 54,674	0.2378	\$ 52,354
Ambulance	0.1847	27,726	0.1737	32,486	0.1654	30,998
Audit	0.0046	819	0.0034	756	0.0022	482
Fire Protection	0.1976	29,652	0.1864	34,869	0.1766	33,098
IMRF	0.0372	6,637	0.0344	7,558	0.0324	7,128
Police Pension	0.1488	26,562	0.1388	30,486	0.1318	29,014
Police Protection	0.0709	12,648	0.0654	14,361	0.0614	13,524
Social Security	0.0476	8,497	0.0436	9,574	0.0413	9,093
Insurance	0.1070	19,092	0.0998	21,920	0.0949	20,903
Total Taxes Extended	1.0646	\$ 179,161	0.9944	\$ 206,684	0.9438	\$ 196,594

NOTE 7 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2012 the expenditures of the following fund exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Fire Protection Fund	\$ 1,165,779	\$ 1,332,751	\$ 166,972

NOTE 8 - 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. That report may be obtained on-line at www.imrf.org.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

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 employer contribution rate for calendar year 2011 used by the Village was 11.39% of annual covered payroll. The Village's annual required contribution rate for calendar year 2011 was 11.56%. 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 and Net Pension Obligation*

The Village's annual pension cost and the net pension obligation to the plan as of December 31, 2011 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$ 359,132
Adjustment to annual required contribution	(1,489)
Interest on net pension obligation	2,083
Annual Pension Cost	<u>\$ 359,726</u>
Contributions Made	<u>353,850</u>
Increase/(Decrease) in net pension obligation	\$ 5,876
Net pension obligation beginning of year	27,777
Net pension obligation end of year	<u><u>\$ 33,653</u></u>

For calendar year ending December 31, 2011, the Village's actual contributions for pension cost for the Regular plan were \$353,850. Its required contribution for calendar year 2011 was \$359,132.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 359,132	99%	\$ 33,653
12/31/10	338,459	92%	27,777
12/31/09	279,461	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009 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 20% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

D. *Funded Status and Funding Progress*

As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 79.10% funded. The actuarial accrued liability for benefits was \$7,238,212 and the actuarial value of assets was \$5,725,151, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,513,061. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$3,106,675 and the ratio of the UAAL to the covered payroll was 49%.

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.

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)
12/31/11	\$ 5,725,151	\$ 7,238,212	\$ 1,513,061	79.10%	\$ 3,106,675	48.70%
12/31/10	5,318,260	6,769,999	1,451,739	78.56%	3,019,257	48.08%
12/31/09	5,126,901	6,548,186	1,421,285	78.29%	3,326,918	42.72%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$5,425,247. On a market basis, the funded ratio would be 74.95%.

NOTE 9 - 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, 2011, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	7
Terminated Plan Member not yet Receiving Benefits	1
Active Plan Members	<u>23</u>
Total	<u><u>31</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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - POLICE PENSION PLAN (Continued)

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, 2011 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$ 588,620
Interest on net pension obligation (optional)	14,480
Adjustment to annual required contribution	<u>(10,608)</u>
Annual pension cost	\$ 592,492
Contributions made	<u>459,735</u>
Increase/(decrease) in net pension obligation	\$ 132,757
Net pension obligation beginning of year	<u>206,862</u>
Net pension obligation end of year	<u>\$ 339,619</u>

The annual required contribution for the current year was determined as part of the April 30, 2010 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, 2011 was 22 years.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
04/30/11	\$ 592,492	77.6%	\$ 339,619
04/30/10	473,326	92.5%	206,862
04/30/09	425,069	99.3%	171,383

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - POLICE PENSION PLAN (Continued)

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

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)
04/30/11	\$ 9,692,377	\$ 14,303,832	\$ 4,611,455	67.8%	\$ 1,713,878	269.1%
04/30/10	8,636,167	13,319,142	4,682,975	64.8%	1,623,585	288.4%
04/30/09	7,116,983	13,280,784	6,163,801	53.6%	1,694,510	363.8%

NOTE 10 - 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.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - FIREFIGHTERS' PENSION PLAN (Continued)

C. *Annual Pension Cost and Net Pension Obligation*

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

NOTE 11 - SOCIAL SECURITY

All employees are covered under Social Security. The Village paid \$214,074, the total required contribution for the current fiscal year.

NOTE 12 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2012 consisted of the following:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
Tax Increment Financing Fund	General Fund	\$ 6,104

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.

There were no interfund transfers for the year ended April 30, 2012.

NOTE 13 - 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 2012 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, 2012, there were no significant adjustments in premiums based on actual experience.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - 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 and plant expansion II projects.

NOTE 15 - CONTINGENCIES

The Village is not aware of any litigation which might have a material adverse affect on the Village's financial position.

NOTE 16 - LEGAL DEBT LIMITATION

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

2011 EAV	\$ 318,952,350
	<u>8.625%</u>
Debt Margin	\$ 27,509,640
Current Debt	<u>3,510,177</u>
Remaining Debt Margin	\$ 23,999,463

NOTE 17 - FUND BALANCE/NET ASSETS ADJUSTMENTS

The following fund balance/net assets adjustment was made to correct prior year balances:

	Governmental Funds <u>Fund Balance</u>
Consolidated Motor Pool Fund into the General Fund as of 5/1/2011	\$ (68,750)
Total Adjustment	<u>\$ (68,750)</u>

NOTE 18 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through October 12, 2012, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original and Final</u>		
REVENUES			
Local Taxes			
Property Tax	\$	2,473,231	\$ 2,175,019
Intergovernmental			
State Sales and Use Tax		2,545,990	2,871,826
State Income Tax		772,267	909,022
State Replacement Tax		53,214	60,521
State Motor Fuel Tax		251,251	316,313
Hotel/Motel Tax		7,000	7,879
State Pull Tab/Games Tax		3,400	3,124
State Telecommunications Tax		240,000	307,388
Utility Tax		475,000	571,951
State Grants		-	37,182
Federal Grants		204,145	55,647
Other Local Sources			
Franchise Fees		112,000	123,096
Licenses and Permits		514,800	310,942
Fines and Forfeitures		380,500	376,494
Charges for Services		2,162,285	2,443,852
Interest		1,500	1,197
Miscellaneous			
Donations		600	1,230
Impact Fees		34,000	2,000
Other Miscellaneous		117,000	37,966
Total Revenues	\$	<u>10,348,183</u>	\$ <u>10,612,649</u>
EXPENDITURES			
CURRENT			
GENERAL GOVERNMENT			
Administration	\$	1,039,714	\$ 901,189
Building Department		540,089	422,054
Retirement Contributions		417,327	252,025
Insurance		175,618	233,144
Motor Pool		420,807	362,025
	\$	<u>2,593,555</u>	\$ <u>2,170,437</u>
PUBLIC SAFETY			
Police Department	\$	3,572,522	\$ 3,356,070
Police and Fire Commission		20,510	9,845
911 Emergency System		908,543	847,287
	\$	<u>4,501,575</u>	\$ <u>4,213,202</u>
PUBLIC WORKS			
Highways and Streets	\$	1,033,189	\$ 944,937
Motor Fuel Tax		315,000	70,344
Garbage Collection		793,650	799,422
	\$	<u>2,141,839</u>	\$ <u>1,814,703</u>
PARKS AND RECREATION			
Parks and Recreation	\$	212,672	\$ 198,327

See Accompanying Independent Auditor's Report

VILLAGE OF FOX LAKE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2012

	<u>Budgeted Amounts</u>	<u>Actual</u>
	Original and Final	Amounts
EXPENDITURES (Continued)		
CAPITAL OUTLAY		
GENERAL GOVERNMENT		
Administration	\$ 5,200	\$ -
Motor Pool	217,000	172,735
PUBLIC SAFETY		
Police Department	103,000	95,977
PUBLIC WORKS		
Highways and Streets	337,000	60,599
Motor Fuel Tax	440,000	193,186
	<u>\$ 1,102,200</u>	<u>\$ 522,497</u>
DEBT SERVICE		
Principal	\$ 435,314	\$ 456,821
Interest and Fees	165,603	172,156
Bond Issuance Costs	-	53,237
	<u>\$ 600,917</u>	<u>\$ 682,214</u>
Total Expenditures	<u>\$ 11,152,758</u>	<u>\$ 9,601,380</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (804,575)</u>	<u>\$ 1,011,269</u>
OTHER FINANCING SOURCES/(USES)		
Transfers	\$ (6,000)	\$ -
Sale of Village Property	1,000	-
Proceeds from Sale of Bonds	402,000	2,398,196
Pay-off of Refunded Bonds	-	(1,603,779)
	<u>\$ 397,000</u>	<u>\$ 794,417</u>
NET CHANGE IN FUND BALANCE	\$ (407,575)	\$ 1,805,686
FUND BALANCE - MAY 1, 2011	1,397,138	2,960,270
FUND BALANCE ADJUSTMENT (Note 17)	<u>-</u>	<u>(68,750)</u>
FUND BALANCE - APRIL 30, 2012	<u>\$ 989,563</u>	<u>\$ 4,697,206</u>

See Accompanying Independent Auditor's Report

VILLAGE OF FOX LAKE, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FIRE PROTECTION FUND
 YEAR ENDED APRIL 30, 2012

	Budgeted Amounts	Actual
	Original and Final	Amounts
REVENUES		
Local Taxes		
Property Tax	\$ 1,165,597	\$ 1,145,791
Other Local Sources		
Charges for Services	10,000	-
Miscellaneous		
Fire Department Reimbursements	-	98,200
Other Miscellaneous	15,581	41,979
Total Revenues	\$ 1,191,178	\$ 1,285,970
EXPENDITURES		
CURRENT		
PUBLIC SAFETY		
Fire Protection	\$ 1,145,779	\$ 1,332,751
CAPITAL OUTLAY		
PUBLIC SAFETY		
Fire Protection	\$ 20,000	\$ -
Total Expenditures	\$ 1,165,779	\$ 1,332,751
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 25,399	\$ (46,781)
OTHER FINANCING SOURCES/(USES)		
Sale of Village Property	1,000	-
NET CHANGE IN FUND BALANCE	\$ 26,399	\$ (46,781)
FUND BALANCE - MAY 1, 2011	(10,214)	(92,096)
FUND BALANCE - APRIL 30, 2012	\$ 16,185	\$ (138,877)

See Accompanying Independent Auditor's Report

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2012

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 April 26, 2011.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2012, 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	\$ 1,165,779	\$ 1,332,751	\$ 166,972

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SUPPLEMENTAL FINANCIAL INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS
INFORMATION REQUIRED BY WATER AND
SEWER REVENUE BOND ORDINANCE
APRIL 30, 2012

MISCELLANEOUS

Number of sewer customers served by North Sewer Plant	1,384
Number of water customers metered, North and South	3,630
Number of water customers unmetered, North and South	-
Quantity of sewerage treated (gallons), North only	51,000,000
Quantity of water pumped (gallons), North only	59,456,000
Quantity of water pumped (gallons), South only	215,516,000
Quantity of water billed	231,124,059

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)