

VILLAGE OF FOX LAKE, ILLINOIS

ANNUAL FINANCIAL REPORT

APRIL 30, 2013



Village of Fox Lake, Illinois



Annual Financial Report
Year Ended April 30, 2013

VILLAGE OF FOX LAKE, ILLINOIS
TABLE OF CONTENTS
APRIL 30, 2013

	PAGE
INDEPENDENT AUDITORS' OPINION	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Net Position – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	21
Notes to Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	42
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Fire Protection Fund	44
Notes to Required Supplementary Information	45

VILLAGE OF FOX LAKE, ILLINOIS
TABLE OF CONTENTS
APRIL 30, 2013

	PAGE
SUPPLEMENTAL FINANCIAL INFORMATION	
Information Required by Water and Sewer Revenue Bond Ordinance	46

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INDEPENDENT AUDITOR'S REPORT

To the Supervisor and Board of Trustees
Village of Fox Lake
Fox Lake, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, the fiduciary funds, each major fund, and the aggregate remaining fund information of the Village of Fox Lake, Fox Lake, Illinois (Village) as of and for the year ended April 30, 2013, and the related notes to financial statements which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the fiduciary funds, each major fund, and the aggregate remaining fund information of the Village of Fox Lake as of April 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Village adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position during the year ended April 30, 2013. GASB Statement No. 63 added new classifications on the statements of position and changed net assets to net position.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain budgetary comparison information on pages 3-10 and 42-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Fox Lake's financial statements as a whole. The supplemental data on page 46 is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplemental data is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



MILBURN CAIN & CO.
Certified Public Accountants

Gurnee, Illinois
September 12, 2013

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2013

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, 2013. 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, 2013 by \$98,785,543 (total net position). Of this amount, \$15,206,025 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased \$1,036,297 from current year activities.
- At April 30, 2013, the Village's governmental funds reported combined ending fund balances of \$5,243,490, an increase from current year activities of \$419,897.
- At April 30, 2013, the unassigned fund balance for the General Fund was \$2,964,902, or 27% of total General Fund expenditures.
- The Village's total long-term debt decreased by \$936,859 due to required payments made during the year.

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 Position presents information on all of the Village's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 11 and 12 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental 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 13 through 16 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 17 through 19 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The 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 20 and 21 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 41 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 42 through 45 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$98,785,543 at April 30, 2013.

By far, the largest portion of the Village's net position (82%) 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 Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2013	4/30/2012 (restated)	4/30/2013	4/30/2012	4/30/2013	4/30/2012 (restated)
	Current and Other Assets	\$ 9,894,711	\$ 8,771,179	\$ 14,108,721	\$ 15,842,861	\$ 24,003,432
Capital Assets	31,502,876	31,495,597	56,018,441	55,132,670	87,521,317	86,628,267
Total Assets	<u>\$ 41,397,587</u>	<u>\$ 40,266,776</u>	<u>\$ 70,127,162</u>	<u>\$ 70,975,531</u>	<u>\$ 111,524,749</u>	<u>\$ 111,242,307</u>
Long-Term Liabilities						
Outstanding	\$ 4,259,118	\$ 4,332,352	\$ 3,659,289	\$ 4,379,178	\$ 7,918,407	\$ 8,711,530
Other Liabilities	4,638,120	3,935,494	182,679	846,037	4,820,799	4,781,531
Total Liabilities	<u>\$ 8,897,238</u>	<u>\$ 8,267,846</u>	<u>\$ 3,841,968</u>	<u>\$ 5,225,215</u>	<u>\$ 12,739,206</u>	<u>\$ 13,493,061</u>
Net Position						
Net Investment in						
Capital Assets	\$ 28,111,586	\$ 27,894,150	\$ 52,478,758	\$ 50,868,872	\$ 80,590,344	\$ 78,763,022
Restricted	2,027,468	1,396,713	961,706	961,266	2,989,174	2,357,979
Unrestricted	2,361,295	2,708,067	12,844,730	13,920,178	15,206,025	16,628,245
Total Net Position	<u>\$ 32,500,349</u>	<u>\$ 31,998,930</u>	<u>\$ 66,285,194</u>	<u>\$ 65,750,316</u>	<u>\$ 98,785,543</u>	<u>\$ 97,749,246</u>

An additional portion of the Village's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$15,206,025) may be used to meet the Village's ongoing obligations to citizens and creditors.

Governmental Activities. Governmental activities increased the Village's net position by \$501,419. Key differences from the prior year are as follows:

Village of Fox Lake, Illinois' Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2013	4/30/2012 (Restated)	4/30/2013	4/30/2012	4/30/2013	4/30/2012 (Restated)
	Revenues					
Program Revenues						
Charges for Services	\$ 3,699,440	\$ 3,434,529	\$ 8,205,416	\$ 8,088,237	\$ 11,904,856	\$ 11,522,766
Operating Grants and Contributions	8,124	94,059	10,100	-	18,224	94,059
Capital Grants and Contributions	396,521	-	307,831	-	704,352	-
General Revenues						
Property Taxes	3,435,095	3,366,968	-	-	3,435,095	3,366,968
Sales and Use Taxes	2,901,893	2,871,826	-	-	2,901,893	2,871,826
Other Taxes	2,288,414	2,176,198	-	-	2,288,414	2,176,198
Other	1,563	1,201	24,693	31,038	26,256	32,239
Total Revenues	<u>\$ 12,731,050</u>	<u>\$ 11,944,781</u>	<u>\$ 8,548,040</u>	<u>\$ 8,119,275</u>	<u>\$ 21,279,090</u>	<u>\$ 20,064,056</u>
Expenses						
General Government	\$ 3,145,583	\$ 2,438,892	\$ -	\$ -	\$ 3,145,583	\$ 2,438,892
Public Safety	6,174,151	5,675,668	-	-	6,174,151	5,675,668
Public Works	2,543,672	2,500,654	-	-	2,543,672	2,500,654
Parks and Recreation	260,421	238,665	-	-	260,421	238,665
Interest and Fees	125,690	144,254	-	-	125,690	144,254
Water and Sewer	-	-	2,413,160	2,588,271	2,413,160	2,588,271
Water Reclamation	-	-	5,456,565	5,538,585	5,456,565	5,538,585
Commuter Parking	-	-	143,437	163,331	143,437	163,331
Total Expenses	<u>\$ 12,249,517</u>	<u>\$ 10,998,133</u>	<u>\$ 8,013,162</u>	<u>\$ 8,290,187</u>	<u>\$ 20,262,679</u>	<u>\$ 19,288,320</u>
Increase/(Decrease) in Net Position						
Before Transfers	\$ 481,533	\$ 946,648	\$ 534,878	\$ (170,912)	\$ 1,016,411	\$ 775,736
Gain/(Loss) on Sale of Capital Assets	19,886	-	-	6,177	19,886	6,177
Increase/(Decrease) in Net Position	<u>\$ 501,419</u>	<u>\$ 946,648</u>	<u>\$ 534,878</u>	<u>\$ (164,735)</u>	<u>\$ 1,036,297</u>	<u>\$ 781,913</u>
Net Position Beginning of Year (restated)	<u>31,998,930</u>	<u>31,052,282</u>	<u>65,750,316</u>	<u>65,915,051</u>	<u>97,749,246</u>	<u>96,967,333</u>
Net Position End of Year	<u>\$ 32,500,349</u>	<u>\$ 31,998,930</u>	<u>\$ 66,285,194</u>	<u>\$ 65,750,316</u>	<u>\$ 98,785,543</u>	<u>\$ 97,749,246</u>

The Village received grant revenue in the current year to assist with the costs of a new salt barn and road work that were completed in the current year. The Village also saw an increase in property tax revenue due to increased rates over the prior year. Expenditures increased over the prior year largely due to sales tax rebate payments related to sales tax agreements with several local businesses.

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

Business-Type Activities. Business-type activities increased the Village's net position by \$534,878. Revenue increased over the prior year due to the Village receiving grants it had not previously received. There was also a significant increase in Charges for Services as the rates increased over the prior year.

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, 2013, the Village's governmental funds reported combined ending fund balances of \$5,243,490, an increase of \$419,897 in comparison with the prior year. Approximately 57% 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, 2013, the fund balance of the General Fund was \$4,929,582, of which \$2,964,902 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 27% of total General Fund expenditures.

The General Fund fund balance increased \$232,376 during the year ended April 30, 2013 due to the extent that ongoing revenue exceeded ongoing expenses.

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 \$10,441,169 as of April 30, 2012 to \$11,595,324 as of April 30, 2013. This increase was partially due to an increase in fair value of investments of \$727,900 and interest and dividends of \$248,757. \$631,896 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, 2013. Actual revenue exceeded budgeted revenue by \$810,510. This difference was mostly due to more than expected Charges for Services and State Income Tax. Budgeted expenditures exceeded actual expenditures by \$185,014. The majority of this difference was due to less than expected parks and recreation 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, 2013 amounts to \$87,521,317 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, vehicles, water/sewer systems, and infrastructure.

	Village of Fox Lake, Illinois' Capital Assets (net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2013	4/30/2012	4/30/2013	4/30/2012	4/30/2013	4/30/2012
Land	\$ 12,278,186	\$ 12,278,186	\$ 698,468	\$ 698,468	\$ 12,976,654	\$ 12,976,654
Construction in Progress	-	14,462	16,772,493	14,509,280	16,772,493	14,523,742
Buildings and Improvements	5,427,222	5,165,911	13,287,132	13,897,383	18,714,354	19,063,294
Water/Sewer System	-	-	22,659,736	23,204,053	22,659,736	23,204,053
Vehicles and Equipment	2,342,545	2,234,698	2,600,612	2,823,486	4,943,157	5,058,184
Infrastructure	11,454,923	11,802,340	-	-	11,454,923	11,802,340
Total	\$ 31,502,876	\$ 31,495,597	\$ 56,018,441	\$ 55,132,670	\$ 87,521,317	\$ 86,628,267

Major capital asset events during the year ended April 30, 2013 included the following:

- Construction in Progress additions of \$2,539,211 for plant expansion II within the Northwest Region Water Reclamation Fund.
- Water/Sewer System additions of \$353,337 for various completed pump, lift, and sewer projects within the Water Sewer Fund.
- Governmental funds additions of \$464,357 for building additions and \$329,802 for various vehicles purchased by the Village.

For further information, please see note 3 on pages 30 and 31 of this report.

Long-Term Debt. At April 30, 2013, the Village had total debt outstanding of \$6,954,688.

	Governmental Activities		Business-Type Activities		Total	
	4/30/2013	4/30/2012	4/30/2013	4/30/2012	4/30/2013	4/30/2012
Debt Certificates	\$ 2,596,430	\$ 2,708,034	\$ 1,591,370	\$ 2,136,370	\$ 4,187,800	\$ 4,844,404
Bonds	711,888	796,973	2,055,000	2,245,000	2,766,888	3,041,973
Notes Payable	-	5,170	-	-	-	5,170
Total	\$ 3,308,318	\$ 3,510,177	\$ 3,646,370	\$ 4,381,370	\$ 6,954,688	\$ 7,891,547

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 \$21,403,864, 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 31 through 33 of this report.

Economic Factors and Next Year's Budget

The Village's 13/14 budget is balanced, maintains essential services to residents, and provides opportunities to stimulate the economic climate of the business community. The budget was developed using the following five strategic objectives.

Economic Development

The Village is looking into the future and exploring business and economic development opportunities. The Village's leaders have taken a progressive approach toward planning for the Village's future. In 2012, a new Comprehensive Development Plan was implemented to help shape and guide the type and quality of development opportunities in the Village. The Village will also be exploring redevelopment opportunities aimed at the downtown such as the Business Facade Improvement Program (BFIP), a comprehensive review of the Village's sign ordinance, stimulating commercial development and enhancing Village property maintenance and code enforcement regulations. In addition, an economic development firm that specializes in this area will be hired to assist the Village with its development goals and objectives.

Customer Service

In order to provide high quality services to residents and business owners, Village staff is continually exploring alternative service delivery methods and examining current service level expectations. For example, in fiscal year 2013-14, staff is planning on creating and issuing a semi-annual Parks and Recreation brochure that will be mailed to all Village residents. This is in addition to the quarterly newsletter that residents currently receive. The Village has also budgeted for an increase in bus transit services through the Pace program. Staff will also be examining public-private partnerships and contracting out certain Village services. Contracting out select Village services and operations is an effective option for reducing costs and improving efficiencies.

Infrastructure

Another strategic objective of the annual budget is continuing to develop and plan for infrastructure improvements, capital purchases, water and sewer facilities, building repairs, vehicle and equipment replacements and technological upgrades. A major emphasis on improving water and sewer infrastructure has been budgeted during fiscal year 2013-14. More than \$1.2 million has been budgeted for water and sewer repairs and rehabilitation, which will replace aging infrastructure. Staff will work to establish a Capital Improvements Fund (CIP) during fiscal year 2013-14, which will be used to fund future infrastructure improvement projects. Along with the creation of a Capital Improvements Fund, the Village is developing a 5-year CIP plan for capital

projects and identifying dedicated revenue sources to provide funding for those projects. In fiscal year 2012-13, a Street Inventory and Study was completed. This study provides data that rates the condition of all Village roads and will be used to establish a road resurfacing schedule, which will prioritize those roads in the Village that are in urgent need of repair or restructure. These kinds of projects will assist with ensuring the Village regularly reviews, maintains and improves its infrastructure network.

Fiscal Management

The Village will continue to explore alternate revenue sources, grant funding, comprehensive reviews of Village fees and rates and analyze ongoing operational efficiencies in order to increase revenue streams. Included in the fiscal year 2013-14 annual budget is an increase in water and sewer rates. This rate increase is vitally important for the Village to be able to make water and sewer infrastructure improvements, as well as to address increases in operational costs. Another example of a fiscal management initiative that the Village will undertake in fiscal year 2013-14 is a thorough review and update of all financial policies. Industry recommendations and state/federal regulations have significantly changed over the past few years, especially due to the recession. It is necessary that staff review all financial policies and ensure they are aligned with the current fiscal environment. New financial policies may also be implemented after further reviews.

Conservation

The Village of Fox Lake is a well-known resort and recreational community. Centrally located in the "Chain O' Lakes," Fox Lake offers its residents and visitors an environmentally rich lifestyle, focusing on conservation and leisure activities. As such, the Village will continue to promote and elevate its recreational opportunities with a focus on conserving natural resources such as groundwater, wetlands and natural bodies of water that surround the community. Expanding recycling programs and opportunities is an example of this strategic objective that is included in the fiscal year 2013-14 budget. A Holiday Lights Recycling Program will be rolled out and marketed to residents. Participation in non-profit agencies that encourage environmental awareness, such as Clean Air Counts will be actively pursued. Ongoing LED replacements in the downtown street lights will continue.

The principal issues and challenges facing the Village of Fox Lake in the development of the fiscal year 2013-14 annual budget were:

- Fiscal sustainability - the ability to provide high quality Village services to the community, while searching for innovative and reliable revenue sources.
- State of Illinois budget crisis - the delay in income tax distribution and the ongoing potential of reductions in state-shared revenues, including income tax, personal property replacement tax, use tax and motor fuel tax.
- Fund balances and unrestricted cash reserves - the ability to continue to grow these financial obligations and meet recommended levels.
- Economic development opportunities - the ability to attract new commercial development, as well as retain current businesses.
- Personnel benefits - the ability to ensure adequate funding for increasing health care costs and pension costs.
- Infrastructure improvements - the ability to provide funding for improvements to Village streets, water and sewer mains, lift stations, water towers, sanitary sewers, sidewalks and municipal facilities.

Budget Highlights

The fiscal year 2013-14 budget represents an investment in information technology and software upgrades. This is evident through the planned purchase of a new financial and accounting management package for the Village organization, new vehicle maintenance software, continued upgrades to the Police Department's record management system and financial planning for a Geographic Information System (GIS). These information technology improvements will assist the

Village with improving service delivery levels to external and internal customers. It will also enhance the Village's continued commitment to improving transparency and accountability.

Another highlight of the fiscal year 2013-14 budget is an emphasis on continued improvements to capital infrastructure, including the annual road resurfacing program, water and sewer infrastructure, regular street maintenance and creation of a sidewalk improvement program. A road resurfacing study and inventory has been completed for all Village roads. Using this information, the Village will be moving forward with mapping out a plan, financially and logistically, to repair or resurface those roads identified as meeting priority criteria from the road inventory.

A significant portion of the Village's capital improvements that are planned for fiscal year 2013-14 is focused on water and sewer infrastructure. Revenue for fiscal year 2013-14 is based on selling 235 million gallons of water with an increase in water and sewer rates that will be effective for water sold during 2013. The increase in rates is necessary to continue to pay for water and sewer infrastructure improvements, which were part of the water and sewer rate study recommendations, as well as an increase in operational costs.

As is the case with all Village finances, the economy is having a significant impact on water and sewer revenue. In the past, connection fees were the Village's primary source of funding for system improvements and capital projects. During the peak years (2003-2007), the Water and Sewer Department generated an average of \$851,305 in connection and other miscellaneous fees. The current average (2010-2012) has declined to \$113,271, an 86.7% decrease. Energy saving appliances, foreclosures, closed businesses, and a tendency to conserve water when rates increase are all contributing factors that are driving down the Village's water sales. Although metered water sales have increased by 6.0% since 2007, the Village's existing water and sewer rates have been unable to keep pace with increases in operational expenditures. This phenomenon has put more pressure on the Village to raise rates to provide enough revenue to operate and repair the water and sewer system and the trend is not likely to reverse itself until the economy improves. As the only perpetual source of revenue to the Water and Sewer Fund, there is little the Village can do other than raise rates to ensure sufficient operating revenue.

It is also important to highlight changes in personnel in the fiscal year 2013-14 budget. The total authorized staff level for the Village will increase by 5.25 full-time employees. This increase is attributed to one new telecommunicator, a reinstatement of one Police Officer after injury, one new intermediate Water/Sewer Operator, one new laborer, promotion of a part-time telecommunicator to full-time, promotion of a receptionist to a permit coordinator, and a new part-time Tech Assistant.

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

VILLAGE OF FOX LAKE, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
APRIL 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,695,163	\$ 9,243,883	\$ 13,939,046
Investments	-	1,572,478	1,572,478
Prepaid Expenses	165,167	33,080	198,247
Inventory, at cost	84,291	-	84,291
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Accounts Receivable	291,924	2,205,168	2,497,092
Property Taxes	3,378,329	-	3,378,329
Due from Other Governmental Units	1,191,073	-	1,191,073
Other Receivables	44,400	-	44,400
Restricted Assets			
Cash and Cash Equivalents	-	766,706	766,706
Deposit with Paying Agent	-	195,000	195,000
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	12,278,186	17,470,961	29,749,147
Other Capital Assets, Net of Depreciation	19,224,690	38,547,480	57,772,170
Unamortized Bond Cost (Net of Related Amortization)	44,364	92,406	136,770
TOTAL ASSETS	\$ 41,397,587	\$ 70,127,162	\$ 111,524,749
LIABILITIES			
Accounts Payable	\$ 1,031,609	\$ 142,022	\$ 1,173,631
Accrued Expenses	182,005	40,657	222,662
Deferred Revenue	3,378,329	-	3,378,329
Due to Depositors	28,435	-	28,435
Other Payables	17,742	-	17,742
Net Pension Obligations	431,018	-	431,018
Net OPEB Obligations	49,762	-	49,762
Non-Current Liabilities			
Due Within One Year	404,030	548,773	952,803
Due in More Than One Year	3,374,308	3,110,516	6,484,824
TOTAL LIABILITIES	\$ 8,897,238	\$ 3,841,968	\$ 12,739,206
NET POSITION			
Net Investment in Capital Assets	\$ 28,111,586	\$ 52,478,758	\$ 80,590,344
Restricted for:			
Charitable Games	8,489	-	8,489
Debt Service	-	961,706	961,706
DUI	36,545	-	36,545
NW Region Improvements	592,517	-	592,517
Insurance	480,589	-	480,589
Motor Fuel Tax	698,522	-	698,522
Tax Increment Financing	210,806	-	210,806
Unrestricted/(Deficit)	2,361,295	12,844,730	15,206,025
TOTAL NET POSITION	\$ 32,500,349	\$ 66,285,194	\$ 98,785,543

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

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VILLAGE OF FOX LAKE, ILLINOIS
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 3,145,583	\$ 1,846,500	\$ 401	\$ -
Public Safety	6,174,151	800,250	7,188	-
Public Works	2,543,672	934,455	-	322,853
Parks and Recreation	260,421	118,235	535	73,668
Interest and Fees on Long-Term Debt	125,690	-	-	-
	<u>\$ 12,249,517</u>	<u>\$ 3,699,440</u>	<u>\$ 8,124</u>	<u>\$ 396,521</u>
Business-Type Activities				
Water and Sewer	\$ 2,413,160	\$ 2,642,056	\$ 10,100	\$ -
Water Reclamation	5,456,565	5,425,227	-	307,831
Commuter Parking	143,437	138,133	-	-
	<u>\$ 8,013,162</u>	<u>\$ 8,205,416</u>	<u>\$ 10,100</u>	<u>\$ 307,831</u>
Total Primary Government	<u>\$ 20,262,679</u>	<u>\$ 11,904,856</u>	<u>\$ 18,224</u>	<u>\$ 704,352</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

Miscellaneous

Total General Revenues and Transfers

Change in Net Position

Net Position - May 1, 2012

Net Position Adjustment (Note 18)

Net Position - April 30, 2013

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,298,682)	\$ -	\$ (1,298,682)
(5,366,713)	-	(5,366,713)
(1,286,364)	-	(1,286,364)
(67,983)	-	(67,983)
(125,690)	-	(125,690)
<u>\$ (8,145,432)</u>	<u>\$ -</u>	<u>\$ (8,145,432)</u>
\$ -	\$ 238,996	\$ 238,996
-	276,493	276,493
-	(5,304)	(5,304)
<u>\$ -</u>	<u>\$ 510,185</u>	<u>\$ 510,185</u>
\$ (8,145,432)	\$ 510,185	\$ (7,635,247)
\$ 3,435,095	\$ -	\$ 3,435,095
2,901,893	-	2,901,893
1,027,830	-	1,027,830
306,581	-	306,581
954,003	-	954,003
1,563	24,416	25,979
19,886	-	19,886
-	277	277
<u>\$ 8,646,851</u>	<u>\$ 24,693</u>	<u>\$ 8,671,544</u>
\$ 501,419	\$ 534,878	\$ 1,036,297
31,903,448	65,750,316	97,653,764
95,482	-	95,482
<u>\$ 32,500,349</u>	<u>\$ 66,285,194</u>	<u>\$ 98,785,543</u>

VILLAGE OF FOX LAKE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2013

	General Fund	Fire Protection Fund	Non-Major Tax Increment Financing Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,474,748	\$ 7,689	\$ 212,726	\$ 4,695,163
Prepaid Expenses	63,727	101,440	-	165,167
Inventory, at cost	84,291	-	-	84,291
Receivables (Net of Allowance for Estimated Uncollectible Amounts)				
Accounts Receivable	291,924	-	-	291,924
Property Taxes	2,189,635	1,188,694	-	3,378,329
Due from Other Governmental Units	1,191,073	-	-	1,191,073
Due from Other Funds	1,920	-	-	1,920
Other Receivables	44,400	-	-	44,400
TOTAL ASSETS	\$ 8,341,718	\$ 1,297,823	\$ 212,726	\$ 9,852,267
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 1,025,582	\$ 6,027	\$ -	\$ 1,031,609
Accrued Expenses	150,742	-	-	150,742
Due to Other Funds	-	-	1,920	1,920
Deferred Revenue	2,189,635	1,188,694	-	3,378,329
Due to Depositors	28,435	-	-	28,435
Other Payables	17,742	-	-	17,742
TOTAL LIABILITIES	\$ 3,412,136	\$ 1,194,721	\$ 1,920	\$ 4,608,777
FUND BALANCES				
Nonspendable:				
Inventory	\$ 84,291	\$ -	\$ -	\$ 84,291
Prepaid Expense	63,727	101,440	-	165,167
Restricted for:				
Charitable Games	8,489	-	-	8,489
DUI	36,545	-	-	36,545
NW Region Improvements	592,517	-	-	592,517
Insurance	480,589	-	-	480,589
Motor Fuel Tax	698,522	-	-	698,522
Tax Increment Financing	-	-	210,806	210,806
Assigned for:				
Fire Protection	-	1,662	-	1,662
Unassigned	2,964,902	-	-	2,964,902
TOTAL FUND BALANCES	\$ 4,929,582	\$ 103,102	\$ 210,806	\$ 5,243,490
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,341,718	\$ 1,297,823	\$ 212,726	\$ 9,852,267

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 POSITION
 APRIL 30, 2013

Total Fund Balances - Governmental Funds		\$ 5,243,490
Amounts reported for governmental activities in the Statement of Net Position 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		31,502,876
Net Pension Obligation is not included in the governmental funds.		
		(431,018)
Net OPEB Obligation is not included in the governmental funds.		
		(49,762)
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	\$ 44,364	
Bond Premiums, net of related amortization	(82,972)	
		(38,608)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable	\$ (3,308,318)	
Compensated Absences	(387,048)	
Accrued Interest on Long-Term Debt	(31,263)	
		(3,726,629)
Net Position of Governmental Activities		\$ 32,500,349

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, 2013

	General Fund	Fire Protection Fund	Non-Major Tax Increment Financing Fund	Total Governmental Funds
REVENUES				
Local Taxes				
Property Tax	\$ 2,229,380	\$ 1,162,771	\$ 42,944	\$ 3,435,095
Intergovernmental				
State Sales and Use Tax	2,901,893	-	-	2,901,893
State Income Tax	1,027,830	-	-	1,027,830
State Replacement Tax	63,968	-	-	63,968
State Motor Fuel Tax	306,581	-	-	306,581
Hotel/Motel Tax	7,024	-	-	7,024
State Pull Tab/Games Tax	2,318	-	-	2,318
Auto Rental Tax	78	-	-	78
State Telecommunications Tax	293,671	-	-	293,671
Utility Tax	586,944	-	-	586,944
State Grants	265,856	-	-	265,856
Federal Grants	137,853	-	-	137,853
Other Local Sources				
Franchise Fees	129,158	-	-	129,158
Licenses and Permits	297,291	-	-	297,291
Fines and Forfeitures	370,015	-	-	370,015
Charges for Services	2,705,387	-	-	2,705,387
Interest	1,563	-	-	1,563
Miscellaneous				
Donations	936	-	-	936
Fire Department Reimbursements	-	84,359	-	84,359
Impact Fees	4,000	-	-	4,000
Other Miscellaneous	96,489	12,741	-	109,230
	<u>\$ 11,428,235</u>	<u>\$ 1,259,871</u>	<u>\$ 42,944</u>	<u>\$ 12,731,050</u>
EXPENDITURES				
Current				
General Government	\$ 2,990,300	\$ -	\$ 1,920	\$ 2,992,220
Public Safety	4,395,193	1,283,177	-	5,678,370
Public Works	1,906,681	-	-	1,906,681
Parks and Recreation	218,750	-	-	218,750
Capital Outlay	1,211,120	9,185	-	1,220,305
Debt Service				
Principal	201,859	-	-	201,859
Interest and Fees	131,134	-	-	131,134
	<u>\$ 11,055,037</u>	<u>\$ 1,292,362</u>	<u>\$ 1,920</u>	<u>\$ 12,349,319</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 373,198</u>	<u>\$ (32,491)</u>	<u>\$ 41,024</u>	<u>\$ 381,731</u>
OTHER FINANCING SOURCES/(USES)				
Transfers	\$ (160,000)	\$ 160,000	\$ -	\$ -
Sale of Village Property	19,178	18,988	-	38,166
	<u>\$ (140,822)</u>	<u>\$ 178,988</u>	<u>\$ -</u>	<u>\$ 38,166</u>
NET CHANGE IN FUND BALANCES	<u>\$ 232,376</u>	<u>\$ 146,497</u>	<u>\$ 41,024</u>	<u>\$ 419,897</u>
FUND BALANCES - MAY 1, 2012	4,697,206	(138,877)	169,782	4,728,111
FUND BALANCE ADJUSTMENT (Note 18)	-	95,482	-	95,482
FUND BALANCES - APRIL 30, 2013	<u>\$ 4,929,582</u>	<u>\$ 103,102</u>	<u>\$ 210,806</u>	<u>\$ 5,243,490</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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 419,897

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	\$ (917,957)	
Capital Outlays	<u>943,517</u>	25,560

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

Proceeds from Sale of Capital Assets	\$ (38,166)	
Gain/(Loss) on Sale of Capital Assets	<u>19,886</u>	(18,280)

The change in the Net Pension Obligation is not included in the governmental funds. (57,746)

The change in the Net OPEB Obligation is not included in the governmental funds. (24,501)

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	\$ 5,444	
Compensated Absences	(54,675)	
Debt Issuance Costs - Amortization	(4,436)	
Bond Premium - Amortization	<u>8,297</u>	(45,370)

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 Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		<u>201,859</u>
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Change in Net Position of Governmental Activities		<u>\$ 501,419</u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX LAKE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 APRIL 30, 2013

	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	\$ 422,664	\$ 8,698,385	\$ 122,834	\$ 9,243,883
Investments	303,715	1,268,763	-	1,572,478
Prepaid Expenses	12,026	20,109	945	33,080
Receivables (Net of Allowance for Estimated Uncollectible Amounts)				
Accounts Receivable	417,839	1,787,329	-	2,205,168
	<u>\$ 1,156,244</u>	<u>\$ 11,774,586</u>	<u>\$ 123,779</u>	<u>\$ 13,054,609</u>
Non-Current Assets				
Restricted Assets				
Cash and Cash Equivalents	\$ 766,706	\$ -	\$ -	\$ 766,706
Deposit with Paying Agent	195,000	-	-	195,000
Capital Assets				
Non-Depreciable Capital Assets	502,170	16,822,941	145,850	17,470,961
Depreciable Capital Assets	22,228,638	50,591,839	741,137	73,561,614
Less: Accumulated Depreciation	(9,137,412)	(25,314,522)	(562,200)	(35,014,134)
Unamortized Bond Cost (Net of Related Amortization)	92,406	-	-	92,406
	<u>\$ 14,647,508</u>	<u>\$ 42,100,258</u>	<u>\$ 324,787</u>	<u>\$ 57,072,553</u>
TOTAL ASSETS	<u>\$ 15,803,752</u>	<u>\$ 53,874,844</u>	<u>\$ 448,566</u>	<u>\$ 70,127,162</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 69,887	\$ 69,317	\$ 2,818	\$ 142,022
Accrued Expenses	10,826	29,663	168	40,657
Debt Certificates Payable	369,685	-	-	369,685
Bonds Payable	179,088	-	-	179,088
	<u>\$ 629,486</u>	<u>\$ 98,980</u>	<u>\$ 2,986</u>	<u>\$ 731,452</u>
Non-Current Liabilities				
Compensated Absences	\$ 25,355	\$ 94,251	\$ -	\$ 119,606
Debt Certificates Payable	1,242,303	-	-	1,242,303
Bonds Payable	1,748,607	-	-	1,748,607
	<u>\$ 3,016,265</u>	<u>\$ 94,251</u>	<u>\$ -</u>	<u>\$ 3,110,516</u>
TOTAL LIABILITIES	<u>\$ 3,645,751</u>	<u>\$ 193,231</u>	<u>\$ 2,986</u>	<u>\$ 3,841,968</u>
NET POSITION				
Net Investment in Capital Assets	\$ 10,053,713	\$ 42,100,258	\$ 324,787	\$ 52,478,758
Restricted for:				
Debt Service	961,706	-	-	961,706
Unrestricted/(Deficit)	1,142,582	11,581,355	120,793	12,844,730
TOTAL NET POSITION	<u>\$ 12,158,001</u>	<u>\$ 53,681,613</u>	<u>\$ 445,580</u>	<u>\$ 66,285,194</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 POSITION
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2013

	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	\$ 2,642,056	\$ 5,425,227	\$ 138,133	\$ 8,205,416
	<u>\$ 2,642,056</u>	<u>\$ 5,425,227</u>	<u>\$ 138,133</u>	<u>\$ 8,205,416</u>
OPERATING EXPENSES				
Administration	\$ 263,556	\$ 727,952	\$ 75,126	\$ 1,066,634
Operations	1,506,258	3,323,195	62,764	4,892,217
Depreciation	477,746	1,405,418	5,547	1,888,711
Amortization	32,436	-	-	32,436
	<u>\$ 2,279,996</u>	<u>\$ 5,456,565</u>	<u>\$ 143,437</u>	<u>\$ 7,879,998</u>
OPERATING INCOME/(LOSS)	<u>\$ 362,060</u>	<u>\$ (31,338)</u>	<u>\$ (5,304)</u>	<u>\$ 325,418</u>
NON-OPERATING REVENUE/(EXPENSE)				
Interest Income	\$ 2,021	\$ 22,332	\$ 63	\$ 24,416
Interest Expense	(133,164)	-	-	(133,164)
State Grants	10,100	307,831	-	317,931
Miscellaneous Income	-	-	277	277
	<u>\$ (121,043)</u>	<u>\$ 330,163</u>	<u>\$ 340</u>	<u>\$ 209,460</u>
CHANGE IN NET POSITION	<u>\$ 241,017</u>	<u>\$ 298,825</u>	<u>\$ (4,964)</u>	<u>\$ 534,878</u>
NET POSITION - MAY 1, 2012	<u>11,916,984</u>	<u>53,382,788</u>	<u>450,544</u>	<u>65,750,316</u>
NET POSITION - APRIL 30, 2013	<u>\$ 12,158,001</u>	<u>\$ 53,681,613</u>	<u>\$ 445,580</u>	<u>\$ 66,285,194</u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 position resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB 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 position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary 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 position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (police and fire pension 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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

2. Modified Accrual (Continued)

revenues due to delayed payments from the State of Illinois. The exception was made to preserve the consistency of revenue recognition between years. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

The Village reports deferred revenue on its governmental funds Balance Sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. At April 30, 2013 the Village has \$3,378,329 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, 2013 none of the Village's funds had a cash overdraft.

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	\$	6,770
General Fund Accounts Receivable		6,269
General Fund Other Receivables		16,305
Water and Sewer Fund Accounts Receivable		12,923
Northwest Region Water Reclamation Accounts Receivable		4,535

All other receivable allowances are estimated at \$0.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Prepaid Expenses*

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

H. *Inventories*

Inventories are accounted for at cost within the 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 Position because their use is limited by applicable bond covenants.

K. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line half-year basis over the following estimated useful lives:

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Compensated Absences*

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

M. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position. 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 Position*

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. *Governmental Fund Balances (Continued)*

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

1. **Restricted** – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. **Committed** – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
3. **Assigned** – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The 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 2012 levy was passed by the Board on December 11, 2012. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. *Defining Operating Revenues and Expenses*

The Village's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Village's proprietary funds consist of charges for services (including tap fees for the water function and systems development charges for the sewer function) and the costs of providing those services, including depreciation and excluding interest cost. All other revenue and expenses are reported as nonoperating.

R. *Estimates*

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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, 2013, the Village had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
External Investment Pools	\$ 3,586,832	\$ 3,586,832	\$ -	\$ -	\$ -
US Treasury Notes	1,044,776	-	237,950	806,826	-
US Treasury Bonds	275,609	-	-	-	275,609
Federal Home Loan Bank	978,737	-	727,759	250,978	-
Federal Farm Credit Bank	642,908	50,837	60,262	531,809	-
Federal Home Loan Mtg Corp	116,102	-	116,102	-	-
Federal National Mtg Assn	176,373	-	176,373	-	-
Municipal Bonds	280,154	-	280,154	-	-
Money Markets	188,296	188,296	-	-	-
Mutual Funds	7,377,885	7,377,885	-	-	-
Total	\$ 14,667,672	\$ 11,203,850	\$ 1,598,600	\$ 1,589,613	\$ 275,609

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:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk (Continued)

- 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, 2013, the Village's investments were rated as follows:

Investment	Credit Rating	Rating Source
Illinois Funds Investment Pool	AAAm	Standard and Poor's
IMET Investment Pool	Aaa-bf	Moody's
Federal Home Loan Bank	AAA	Moody's
Federal Farm Credit Bank	AAA	Moody's
Federal Home Loan Mtg Corp	AAA	Moody's
Federal National Mtg Assn	AAA	Moody's
Municipal Bonds	A- thru 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 (7%).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2013 was as follows:

	Balance April 30, 2012	Increases	Decreases	Balance April 30, 2013
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	\$ 12,292,648	\$ -	\$ 14,462	\$ 12,278,186
Other Capital Assets				
Buildings and Improvements	\$ 8,078,936	\$ 464,357	\$ -	\$ 8,543,293
Equipment	2,128,575	163,820	-	2,292,395
Vehicles	5,047,554	329,802	541,880	4,835,476
Infrastructure	17,370,862	-	-	17,370,862
Total Other Capital Assets at Historical Cost	\$ 32,625,927	\$ 957,979	\$ 541,880	\$ 33,042,026
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 2,913,025	\$ 203,046	\$ -	\$ 3,116,071
Equipment	1,163,169	141,185	-	1,304,354
Vehicles	3,778,262	226,309	523,599	3,480,972
Infrastructure	5,568,522	347,417	-	5,915,939
Total Accumulated Depreciation	\$ 13,422,978	\$ 917,957	\$ 523,599	\$ 13,817,336
Other Capital Assets, Net	\$ 19,202,949	\$ 40,022	\$ 18,281	\$ 19,224,690
Governmental Activities Capital Assets, Net	\$ 31,495,597	\$ 40,022	\$ 32,743	\$ 31,502,876

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance April 30, 2012	Increases	Decreases	Balance April 30, 2013
Business-Type Activities				
Capital Assets not being depreciated				
Land	\$ 698,468	\$ -	\$ -	\$ 698,468
Construction in Progress	14,509,280	2,543,128	279,915	16,772,493
Total Capital Assets not being depreciated	<u>\$ 15,207,748</u>	<u>\$ 2,543,128</u>	<u>\$ 279,915</u>	<u>\$ 17,470,961</u>
Other Capital Assets				
Buildings and Improvements	\$ 27,843,386	\$ -	\$ -	\$ 27,843,386
Water/Sewer System	38,857,176	353,337	-	39,210,513
Vehicles and Equipment	6,349,783	157,932	-	6,507,715
Total Other Capital Assets at Historical Cost	<u>\$ 73,050,345</u>	<u>\$ 511,269</u>	<u>\$ -</u>	<u>\$ 73,561,614</u>
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 13,946,003	\$ 610,251	\$ -	\$ 14,556,254
Water/Sewer System	15,653,123	897,654	-	16,550,777
Vehicles and Equipment	3,526,297	380,806	-	3,907,103
Total Accumulated Depreciation	<u>\$ 33,125,423</u>	<u>\$ 1,888,711</u>	<u>\$ -</u>	<u>\$ 35,014,134</u>
Other Capital Assets, Net	<u>\$ 39,924,922</u>	<u>\$ (1,377,442)</u>	<u>\$ -</u>	<u>\$ 38,547,480</u>
Business-Type Activities Capital Assets, Net	<u>\$ 55,132,670</u>	<u>\$ 1,165,686</u>	<u>\$ 279,915</u>	<u>\$ 56,018,441</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 53,184
Public Safety	381,434
Public Works	441,061
Parks and Recreation	42,278
Total Governmental Activities Depreciation Expense	<u>\$ 917,957</u>
Business-Type Activities	
Water and Sewer	\$ 477,746
Water Reclamation	1,405,418
Commuter Parking	5,547
Total Business-Type Activities Depreciation Expense	<u>\$ 1,888,711</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2013 was as follows:

	Balance May 1, 2012	Additions	Retirements	Balance April 30, 2013	Amounts Due Within One Year
Governmental Activities					
Long-Term Debt					
Debt Certificates	\$ 2,708,034	\$ -	\$ 111,604	\$ 2,596,430	\$ 306,777
Bonds	796,973	-	85,085	711,888	88,956
Notes Payable	5,170	-	5,170	-	-
Total Long-Term Debt	<u>\$ 3,510,177</u>	<u>\$ -</u>	<u>\$ 201,859</u>	<u>\$ 3,308,318</u>	<u>\$ 395,733</u>
Other Long-Term Obligations					
Bond Premiums, net of Amortization	\$ 91,269	\$ -	\$ 8,297	\$ 82,972	\$ 8,297
Compensated Absences	332,373	54,675	-	387,048	-
Total Other Long-Term Obligations	<u>\$ 423,642</u>	<u>\$ 54,675</u>	<u>\$ 8,297</u>	<u>\$ 470,020</u>	<u>\$ 8,297</u>
Governmental Activities Long-Term Obligations	<u>\$ 3,933,819</u>	<u>\$ 54,675</u>	<u>\$ 210,156</u>	<u>\$ 3,778,338</u>	<u>\$ 404,030</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

	Balance May 1, 2012	Additions	Retirements	Balance April 30, 2013	Amounts Due Within One Year
Business-Type Activities					
Long-Term Debt					
Debt Certificates	\$ 2,136,370	\$ -	\$ 545,000	\$ 1,591,370	\$ 367,923
Bonds	2,245,000	-	190,000	2,055,000	195,000
Total Long-Term Debt	<u>\$ 4,381,370</u>	<u>\$ -</u>	<u>\$ 735,000</u>	<u>\$ 3,646,370</u>	<u>\$ 562,923</u>
Other Long-Term Obligations					
Deferred Loss on Refunding	\$ (173,149)	\$ -	\$ (18,906)	\$ (154,243)	\$ (18,906)
Bond Premiums, net of Amortization	55,577	-	8,021	47,556	4,756
Compensated Absences	115,380	4,226	-	119,606	-
Total Other Long-Term Obligations	<u>\$ (2,192)</u>	<u>\$ 4,226</u>	<u>\$ (10,885)</u>	<u>\$ 12,919</u>	<u>\$ (14,150)</u>
Business-Type Activities Long-Term Obligations	<u>\$ 4,379,178</u>	<u>\$ 4,226</u>	<u>\$ 724,115</u>	<u>\$ 3,659,289</u>	<u>\$ 548,773</u>

Bonds and notes payable consisted of the following at April 30, 2013:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities:				
Debt Certificates Series 2004 Dated 7/15/04	7/15/2012	4.125%	\$ 260,000	\$ -
Debt Certificates Series 2005 Dated 11/15/05	11/15/2013	3.95%	500,000	75,000
Debt Certificates Series 2006 Dated 5/15/06	5/15/2016	4.4%	249,000	66,800
Debt Certificates Series 2007 Dated 12/3/07	1/1/2023	4.4%	212,000	156,000
Bond Series 2003 Dated 6/30/03	6/30/2019	4.375%	1,300,000	711,888
Note Payable Dated 4/22/03	4/30/2013	6.5%	40,000	-
Debt Certificate Series 2011B Dated 11/15/11	11/1/2023	2.5% - 4.5%	2,298,630	2,298,630
Business-Type Activities:				
Refunding Bonds Series 2003 Dated 6/26/03	5/1/2021	2% - 3.875%	2,325,000	1,455,000
Refunding Bonds Series 2007 Dated 12/10/07	5/1/2021	4.2%	850,000	600,000
Refunding Debt Certificates Series 2011A Dated 11/15/11	11/1/2013	2% - 2.25%	795,000	250,000
Debt Certificate Series 2011B Dated 11/15/11	11/1/2023	2.5% - 4.5%	1,341,370	1,341,370

At April 30, 2013 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2014	\$ 395,733	\$ 83,129	\$ 478,862
2015	438,347	109,014	547,361
2016	443,468	95,693	539,161
2017	376,098	77,502	453,600
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	189,447	6,630	196,077
	<u>\$ 3,308,318</u>	<u>\$ 595,659</u>	<u>\$ 3,903,977</u>

At April 30, 2013 the annual debt service requirements to service long-term debt attributable to business-type activities are:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 562,923	\$ 60,602	\$ 623,525
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>\$ 3,646,370</u>	<u>\$ 559,269</u>	<u>\$ 4,205,639</u>

NOTE 5 - DEFICIT FUND BALANCE/NET POSITION

At April 30, 2013 no Village fund had a deficit fund balance/net position.

NOTE 6 - PROPERTY TAXES

Property taxes receivable and deferred revenue recorded in these financial statements are from the 2012 tax levy. The deferred revenue is 100% of the 2012 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 2013. The Village has determined that 100% of the amounts collected for the 2011 and prior levies (\$3,435,095) are allocable for use in fiscal year 2013 and, therefore, are recorded in these financial statements as property taxes revenue. A summary of the assessed valuations, rates, and extensions for the years 2012, 2011, and 2010 follows:

Lake County

Tax Year	2012		2011		2010	
Assessed Valuation	\$270,432,021		\$301,103,884		\$329,351,168	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.2980	\$ 805,888	0.2590	\$ 779,859	0.2290	\$ 754,214
Ambulance	0.2030	548,977	0.1780	535,965	0.1590	523,668
Audit	0.0060	16,226	0.0050	15,055	0.0040	13,174
Fire Protection	0.2160	584,133	0.1900	572,097	0.1700	559,897
IMRF	0.0430	116,286	0.0370	111,408	0.0320	105,392
Police Pension	0.1660	448,917	0.1440	433,590	0.1280	421,570
Police Protection	0.0790	213,641	0.0690	207,762	0.0610	200,904
Social Security	0.0540	146,033	0.0470	141,519	0.0410	135,034
Insurance	0.1190	321,814	0.1040	313,148	0.0920	303,003
Total Taxes Extended	<u>1.1840</u>	<u>\$ 3,201,915</u>	<u>1.0330</u>	<u>\$ 3,110,403</u>	<u>0.9160</u>	<u>\$ 3,016,856</u>

McHenry County

Tax Year	2012		2011		2010	
Assessed Valuation	\$16,086,036		\$17,848,466		\$21,965,326	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.3032	\$ 48,775	0.2663	\$ 47,528	0.2489	\$ 54,674
Ambulance	0.2085	28,036	0.1847	27,726	0.1737	32,486
Audit	0.0058	936	0.0046	819	0.0034	756
Fire Protection	0.2226	29,929	0.1976	29,652	0.1864	34,869
IMRF	0.0433	6,959	0.0372	6,637	0.0344	7,558
Police Pension	0.1686	27,126	0.1488	26,562	0.1388	30,486
Police Protection	0.0808	12,993	0.0709	12,648	0.0654	14,361
Social Security	0.0550	8,844	0.0476	8,497	0.0436	9,574
Insurance	0.1218	19,586	0.1070	19,092	0.0998	21,920
Total Taxes Extended	<u>1.2095</u>	<u>\$ 183,184</u>	<u>1.0646</u>	<u>\$ 179,161</u>	<u>0.9944</u>	<u>\$ 206,684</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2013 the expenditures of the following funds exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Fire Protection Fund	\$ 1,246,428	\$ 1,292,362	\$ 45,934

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.

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 2012 used by the Village was 11.77% of annual covered payroll, which was the annual required contribution rate for calendar year 2012. 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, 2012 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$ 369,118
Adjustment to annual required contribution	(1,804)
Interest on net pension obligation	2,524
Annual Pension Cost	<u>\$ 369,838</u>
Contributions Made	<u>369,118</u>
Increase/(Decrease) in net pension obligation	\$ 720
Net pension obligation beginning of year	<u>33,653</u>
Net pension obligation end of year	<u><u>\$ 34,373</u></u>

For calendar year ending December 31, 2012, the Village's actual contributions for pension cost for the Regular plan were \$369,118, which was its required contribution for calendar year 2012.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 369,118	100%	\$ 34,373
12/31/2011	359,132	99%	33,653
12/31/2010	338,459	92%	27,777

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

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

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.50% 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, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

D. *Funded Status and Funding Progress*

As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 82.59% funded. The actuarial accrued liability for benefits was \$7,672,025 and the actuarial value of assets was \$6,336,186, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,335,839. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$3,136,093 and the ratio of the UAAL to the covered payroll was 43%.

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

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 6,336,186	\$ 7,672,025	\$ 1,335,839	82.59%	\$ 3,136,093	42.60%
12/31/2011	5,725,151	7,238,212	1,513,061	79.10%	3,106,675	48.70%
12/31/2010	5,318,260	6,769,999	1,451,739	78.56%	3,019,257	48.08%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$6,559,314. On a market basis, the funded ratio would be 85.50%.

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

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - POLICE PENSION PLAN (Continued)

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

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, 2012, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	9
Terminated Plan Members not yet Receiving Benefits	1
Active Plan Members	<u>23</u>
Total	<u><u>33</u></u>

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

B. *Summary of Significant Accounting Policies*

1. *Basis of Accounting*

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

2. *Method Used to Value Investments*

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

C. *Annual Pension Cost and Net Pension Obligation*

The Village's annual pension cost and net pension obligation to the Plan as of April 30, 2012 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$ 501,462
Adjustment to annual required contribution	(18,086)
Interest on net pension obligation (optional)	<u>23,773</u>
Annual pension cost	\$ 507,149
Contributions made	<u>450,123</u>
Increase/(decrease) in net pension obligation	\$ 57,026
Net pension obligation beginning of year	<u>339,619</u>
Net pension obligation end of year	<u><u>\$ 396,645</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - POLICE PENSION PLAN (Continued)

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

The annual required contribution for the current year was determined as part of the April 30, 2012 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 of 3%. 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, 2012 was 21 years.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2012	\$ 507,149	88.8%	\$ 396,645
4/30/2011	592,492	77.6%	339,619
4/30/2010	473,326	92.5%	206,862

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)
4/30/2012	\$ 10,241,606	\$ 15,188,474	\$ 4,946,868	67.4%	\$ 1,660,258	298.0%
4/30/2011	9,692,377	14,303,832	4,611,455	67.8%	1,713,878	269.1%
4/30/2010	8,636,167	13,319,142	4,682,975	64.8%	1,623,585	288.4%

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 11.955% 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - FIREFIGHTERS' 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*

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 made all required contributions for the current fiscal year.

NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS

A. *Plan Overview*

The Village provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides pre- and post-Medicare postretirement healthcare benefits to all employees who work for the Village and receive a pension from the Village through IMRF or the Police Pension. The Plan does not issue a stand-alone financial report.

B. *Funding Policy*

The required contribution is based on projected pay-as-you-go financing requirements.

C. *Annual OPEB Cost and Net OPEB Obligation*

The Village's annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the Village, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS (Continued)

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

The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Village's net OPEB obligation to the plan:

Annual required contribution	\$ 47,913
Adjustment to annual required contribution	(842)
Interest on net pension obligation	1,263
Annual pension cost	<u>\$ 48,334</u>
Contributions made	<u>23,833</u>
Increase/(decrease) in net pension obligation	\$ 24,501
Net pension obligation beginning of year	<u>25,261</u>
Net pension obligation end of year	<u><u>\$ 49,762</u></u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

Three-Year Trend Information for the Regular Plan			
Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2012	\$ 48,334	49.3%	\$ 49,762
4/30/2011	49,094	48.5%	25,261

D. Funded Status and Funding Progress

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

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2012	\$ -	\$ 865,131	\$ 865,131	0.00%	N/A	N/A
4/30/2011	-	865,131	865,131	0.00%	N/A	N/A

E. Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend.

Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

The following includes actuarial assumptions and methods:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS (Continued)

E. Actuarial Assumptions and Methods (Continued)

Actuarial Cost Method	Entry Age
Amortization Period	Level Percentage of Pay, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market
Discount Rate	5%
Projected Salary Increases	5%
Healthcare Inflation Rate	8% initial, 6% ultimate
Percentage of Active Employees Assumed to Elect Benefit	20%
Employer Provided Benefit	Explicit (eligible disabled pensioners only): 100% of premium for life Implicit: 40% of premium to age 65 (50% of \$664/month + 50% of \$1,345/year)

NOTE 13 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2013 consisted of the following:

<u>Due from</u>	<u>Due To</u>	<u>Amount</u>
Tax Increment Financing Fund	General Fund	\$ 1,920

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.

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Fire Protection Fund	General Fund	\$ 160,000

The transfer to the Fire Protection Fund was to cover operational expenditures as a need-based transfer.

NOTE 14 - RISK MANAGEMENT

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - RISK MANAGEMENT (Continued)

During fiscal year 2013 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, 2013, there were no significant adjustments in premiums based on actual experience.

NOTE 15 - CONSTRUCTION COMMITMENTS

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

NOTE 16 - CONTINGENCIES

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

NOTE 17 - LEGAL DEBT LIMITATION

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

2012 EAV	\$ 286,518,057
	<u>8.625%</u>
Debt Margin	\$ 24,712,182
Current Debt	<u>3,308,318</u>
Remaining Debt Margin	<u>\$ 21,403,864</u>

NOTE 18 - FUND BALANCE/NET POSITION ADJUSTMENT

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

	Fire Protection Fund Fund Balance	Government-Wide Statement of Net Position
Adjustment for Prepaid Expenses	<u>\$ 95,482</u>	<u>\$ 95,482</u>

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

Effective in the year ended April 30, 2013, the Village has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

NOTE 20 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through September 12, 2013, 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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original and Final</u>		
REVENUES			
Local Taxes			
Property Tax	\$	2,232,808	\$ 2,229,380
Intergovernmental			
State Sales and Use Tax		2,845,990	2,901,893
State Income Tax		777,267	1,027,830
State Replacement Tax		46,550	63,968
State Motor Fuel Tax		250,000	306,581
Hotel/Motel Tax		7,000	7,024
State Pull Tab/Games Tax		3,000	2,318
Auto Rental Tax		-	78
State Telecommunications Tax		290,000	293,671
Utility Tax		540,000	586,944
State Grants		240,000	265,856
Federal Grants		137,853	137,853
Other Local Sources			
Franchise Fees		93,000	129,158
Licenses and Permits		297,400	297,291
Fines and Forfeitures		368,500	370,015
Charges for Services		2,463,807	2,705,387
Interest		1,050	1,563
Miscellaneous			
Donations		-	936
Impact Fees		3,000	4,000
Other Miscellaneous		20,500	96,489
Total Revenues	\$	10,617,725	\$ 11,428,235
EXPENDITURES			
CURRENT			
GENERAL GOVERNMENT			
Administration	\$	1,135,449	\$ 1,642,395
Building Department		376,281	431,291
Retirement Contributions		405,318	304,839
Insurance		203,793	186,799
Motor Pool		481,682	424,976
	\$	2,602,523	\$ 2,990,300
PUBLIC SAFETY			
Police Department	\$	3,592,861	\$ 3,505,266
Police and Fire Commission		21,500	16,616
911 Emergency System		887,843	873,311
	\$	4,502,204	\$ 4,395,193
PUBLIC WORKS			
Highways and Streets	\$	1,092,625	\$ 963,650
Motor Fuel Tax		254,000	117,305
Garbage Collection		820,850	825,726
	\$	2,167,475	\$ 1,906,681
PARKS AND RECREATION			
Parks and Recreation	\$	219,931	\$ 218,750

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original and Final</u>		
EXPENDITURES (Continued)			
CAPITAL OUTLAY			
GENERAL GOVERNMENT			
Administration	\$ 5,180		\$ 16,966
Building Department	1,800		8,353
Motor Pool	130,000		70,817
PUBLIC SAFETY			
Police Department	230,359		367,138
911 Emergency System	-		6,000
PUBLIC WORKS			
Highways and Streets	533,541		547,602
Motor Fuel Tax	190,000		183,571
PARKS AND RECREATION	320,000		10,673
	<u>\$ 1,410,880</u>		<u>\$ 1,211,120</u>
DEBT SERVICE			
Principal	\$ 206,775		\$ 201,859
Interest and Fees	130,263		131,134
	<u>\$ 337,038</u>		<u>\$ 332,993</u>
Total Expenditures	<u>\$ 11,240,051</u>		<u>\$ 11,055,037</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (622,326)</u>		<u>\$ 373,198</u>
OTHER FINANCING SOURCES/(USES)			
Transfers	\$ (100,000)		\$ (160,000)
Sale of Village Property	1,000		19,178
Proceeds from Sale of Bonds	593,808		-
	<u>\$ 494,808</u>		<u>\$ (140,822)</u>
NET CHANGE IN FUND BALANCE	\$ (127,518)		\$ 232,376
FUND BALANCE - MAY 1, 2012	<u>1,629,923</u>		<u>4,697,206</u>
FUND BALANCE - APRIL 30, 2013	<u>\$ 1,502,405</u>		<u>\$ 4,929,582</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, 2013

	Budgeted Amounts	Actual
	Original and Final	Amounts
REVENUES		
Local Taxes		
Property Tax	\$ 1,172,000	\$ 1,162,771
Other Local Sources		
Miscellaneous		
Fire Department Reimbursements	-	84,359
Other Miscellaneous	19,000	12,741
Total Revenues	\$ 1,191,000	\$ 1,259,871
EXPENDITURES		
CURRENT		
PUBLIC SAFETY		
Fire Protection	\$ 1,226,428	\$ 1,283,177
CAPITAL OUTLAY		
PUBLIC SAFETY		
Fire Protection	\$ 20,000	\$ 9,185
Total Expenditures	\$ 1,246,428	\$ 1,292,362
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (55,428)	\$ (32,491)
OTHER FINANCING SOURCES/(USES)		
Transfers	\$ 100,000	\$ 160,000
Sale of Village Property	1,000	18,988
	\$ 101,000	\$ 178,988
NET CHANGE IN FUND BALANCE	\$ 45,572	\$ 146,497
FUND BALANCE - MAY 1, 2012	(45,104)	(138,877)
FUND BALANCE ADJUSTMENT (Note 18)	-	95,482
FUND BALANCE - APRIL 30, 2013	\$ 468	\$ 103,102

See Accompanying Independent Auditor's Report

VILLAGE OF FOX LAKE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2013

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 24, 2012.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2013, the following funds 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	\$ 1,246,428	\$ 1,292,362	\$ 45,934

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SUPPLEMENTAL FINANCIAL INFORMATION

VILLAGE OF FOX LAKE, ILLINOIS
INFORMATION REQUIRED BY WATER AND
SEWER REVENUE BOND ORDINANCE
APRIL 30, 2013

MISCELLANEOUS

Number of sewer customers served by North Sewer Plant	1,383
Number of water customers metered, North and South	3,314
Number of water customers unmetered, North and South	477
Quantity of sewerage treated (gallons), North only	48,884,000
Quantity of water pumped (gallons), North only	62,398,000
Quantity of water pumped (gallons), South only	226,485,250
Quantity of water billed	226,515,000

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)