

**Village of Lily Lake,
Illinois**

Annual Financial Report

**For the Year Ended
April 30, 2011**

Wolf & Company LLP
Certified Public Accountants

VILLAGE OF LILY LAKE, ILLINOIS

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VILLAGE OF LILY LAKE, ILLINOIS

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INTRODUCTORY SECTION

VILLAGE OF LILY LAKE, ILLINOIS

Principal Officials
April 30, 2011

LEGISLATIVE

VILLAGE BOARD OF TRUSTEES

Jesse Heffernan, President

John Belli

Rick Overstreet

Mary Damisch

Ashley Reed

Wendy Ivancic

Steve Wise

Lisa Engberg, Treasurer

Michelle White, Clerk

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Village of Lily Lake, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information for the Village of Lily Lake, Illinois, as of and for the year ended April 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Lily Lake, Illinois. 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Village of Lily Lake, Illinois as of April 30, 2011, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, and budgetary comparison information on pages 19 through 22, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lily Lake, Illinois' financial statements as a whole. The introductory section and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section 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.

Oakbrook Terrace, Illinois
February 11, 2013

Walf & Company LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF LILY LAKE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

This section of the Village of Lily Lake's Annual Financial Report presents management's discussion and analysis of the Village's financial activity during the fiscal year ended April 30, 2011. Please read this discussion and analysis in conjunction with the Village's basic financial statements and footnotes.

Profile of the Village

The Village of Lily Lake is located in the western portion of Kane County at the intersection of State Route 64 and State Route 47. According to the 2010 Census, the current population is 993. Lily Lake has a hub of small commercial and light industrial uses located close to the intersection of Rt. 64 and Rt. 47. Extending out from this hub, Lily Lake has smaller residential lots from historic 1890 settlements growing out to larger residential lots of current development. The three most recent subdivisions located along Empire Road are still in the development stages.

Lily Lake still remains a desirable location to live, despite current economic conditions. School District 301 has a grade school located on Rt. 47 near Rt. 64 which serves the community. The School District is ranked one of the highest in the State of Illinois. Further educational opportunities are located near Lily Lake; Northern Illinois University, Wabunsee Community College and Elgin Community College are all within 20 miles. There are two churches within Village limits and with the approval of a grant from Kane County, a community park is under development. Neighboring Elburn is home to a Metra train station and Interstates 88 and 90 are within a 20 minute drive from the Village. Travel to every day destinations as well as to the City of Chicago is convenient.

Soil qualities and open farm land mixed with mild climates offer great opportunities for farming in and around Lily Lake. Job opportunities are available in the surrounding larger cities of St. Charles, Geneva, Sycamore and Chicago.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Village's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Village adopted GASB Statement No. 34 as of May 1, 2004.

Government-Wide Financial Statements

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

The statement of net assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

VILLAGE OF LILY LAKE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

The government-wide financial statements can be found on pages 8 and 9 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.

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

The Village utilizes seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the General Fund, Motor Fuel Tax Fund and Special Service Areas #5 and #6, which are considered to be major funds.

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 13 through 18 of this report.

Financial Analysis

Statements of Net Assets

	April 30,	
	2011	2010
Current Assets	\$ 749,487	\$ 608,142
Non-current Assets	1,427,530	1,592,401
	<u>2,177,017</u>	<u>2,200,543</u>
Current Liabilities	91,432	34,517
Net Assets		
Invested in Capital Assets	1,427,530	1,595,401
Restricted	447,343	413,786
Unrestricted	210,712	159,839
	<u>\$ 2,085,585</u>	<u>\$ 2,169,026</u>

VILLAGE OF LILY LAKE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

Overview of the Statements of Activities

	Fiscal Year	
	2010-2011	2009-2010
Revenues		
Charges for Services	\$ 11,595	\$ 10,473
Capital Grants	24,541	25,473
Income Taxes	63,845	63,630
Sales and Use Taxes	19,405	19,879
Utilities Taxes	36,540	34,131
Other Taxes	65,513	9,619
Developer Contributions		138,480
Investment Earnings	890	792
Other	333	31,350
Total Revenues	<u>222,662</u>	<u>333,827</u>
Expenses		
General Government	100,319	104,489
Planning and Zoning	11,889	15,232
Building	8,230	11,519
Highways and Streets	185,665	239,380
Total Expenses	<u>306,103</u>	<u>370,620</u>
Change in Net Assets	<u>\$ (83,441)</u>	<u>\$ (36,793)</u>

There are few sources of sales tax within the Village of Lily Lake. A fast food restaurant, light manufacturing and rental businesses comprise the majority of current active businesses. A gas station is located on the northeast corner of Rt. 64 and Rt. 47, but has been closed since 2008 and remains in a state of uncertainty.

State Income tax, Communication tax, Use tax, Motor Fuel tax, and Sales tax are the main sources of Village income. The three subdivisions located on Empire Road pay an SSA tax which is restricted to their individual subdivisions for road and long-term maintenance. These totaled \$33,162 in fiscal 2011, a significant increase over the prior year. However, the Developer Contributions from the previous year (SSA #5 and #6) are not recurring sources. With the reduction of Sales tax income due to the gas station closure, many projects have been placed on hold until funds are available.

Liquidity and Investments

Within the General Fund, the Village's unrestricted fund balance is equivalent to 185% of current General Fund expenditures. Cash and investments are comprised principally of money market balances.

The Motor Fuel Tax Fund is primarily comprised (90%) of cash and investments, principally held in money market investments. Liquidity in this fund increased over the previous fiscal year end as no projects were incurred using these funds. Village officials recognize the visual and safety significance of properly maintained roads and will adhere to the previously agreed ten-year road maintenance schedule.

VILLAGE OF LILY LAKE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

Capital Assets and Expenditures

Capital assets decreased in fiscal 2010/2011, representing depreciation of infrastructure, building and other assets previously reported. There were no additions to capital assets during the year. Refer to Note 5 for more detailed information regarding capital asset balances.

Debt Obligations

The Village did not issue any debt in the 2010/2011 fiscal year. There are no plans to issue debt in the 2011/2012 fiscal year.

Fund Balance

The General Fund balance increased by \$50,855, primarily as a result of expenditures coming in less than budgeted. Expenditures in the General Fund were \$42,347 less than appropriated. The Motor Fuel Tax Fund increased by the state allocations and interest earned, as no expenditures were paid from this fund. Separate Funds were previously established for Special Service Areas, including SSA #5 and #6, which are considered Major Funds. These fund balances are reported as Reserved for specific projects within the SSA. Only legal and engineering costs were expended in those two major funds during fiscal 2010-2011.

General Fund Budgetary Highlights

Expenditures in fiscal 2010/2011 represented 73% of the total appropriation. Certain contingencies which were appropriated were not realized in fiscal 2010-2011. There were no other significant variances between budget and actual results.

A "Sunset Views" park committee was previously formed to manage the design and bidding process of a park site located at East Sunset Views Drive at Empire Road. At April 30, 2011, restricted General Fund balance of \$116,119 remains for this project.

General Fund revenues for fiscal year ended April 30, 2011 were consistent with the prior year, and had been anticipated in developing the expenditure budget.

Economic Factors and Next Year's Budgets

Road maintenance and drainage projects in progress will be completed but any further projects are being re-examined and postponed until Village finances are more certain.

Clearly, the housing bubble has popped and Lily Lake is no exception to the downturn. Yet, our Village remains in the crosshairs of Kane County growth. Metra daily commuter service arrived in Elburn in 2007 and will bring more long distance commuters into the vicinity. The incorporation of Campton Hills and the expansion of Elgin have further galvanized our residents' resolve to be self-determining. Finally, the national fears of recession make us all more cautious about frivolous spending.

We are continuing our efforts to reach out to our residents for opinion and guidance.

VILLAGE OF LILY LAKE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village of Lily Lake at 43W680 Empire Road, Lily Lake, Illinois 60175.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LILY LAKE, ILLINOIS

Statement of Net Assets
April 30, 2011

ASSETS

Cash and Cash Equivalents	\$ 700,820
Receivables	
Due from Other Governments	48,667
Capital Assets Not Being Depreciated	279,887
Capital Assets Being Depreciated	<u>1,147,643</u>
Total Assets	<u>2,177,017</u>

LIABILITIES

Accounts Payable	20,043
Deposits	<u>71,389</u>
Total Liabilities	<u>91,432</u>

NET ASSETS

Invested in Capital Assets	
Restricted For	1,427,530
Park Development	166,119
Highways and Streets	126,510
Special Service Areas	154,714
Unrestricted	<u>210,712</u>
	<u>\$ 2,085,585</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF LILY LAKE, ILLINOIS

Statement of Activities
For the Year Ended April 30, 2011

		Program Revenues		Net Revenue (Expense) and Changes in Net Assets
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 100,319			(100,319)
Planning and Zoning	11,889			(11,889)
Building	8,230	11,595		3,365
Highways and Streets	185,665		24,541	(161,124)
Total Governmental Activities	\$ 306,103	11,595	24,541	(269,967)
General Revenues				
Taxes				
Income Taxes				63,845
Sales and Use Taxes				19,405
Utilities Taxes				36,540
Road and Bridge Taxes				32,351
Special Service Area Assessments				33,162
Investment Earnings				890
Other General Revenues				333
Total General Revenues				186,526
Change in Net Assets				(83,441)
Net Assets, Beginning				2,169,026
Net Assets, Ending				2,085,585

See accompanying Notes to the Financial Statements.

VILLAGE OF LILY LAKE, ILLINOIS

Governmental Funds

Balance Sheet

April 30, 2011

	General Fund	Motor Fuel Tax Fund	Special Service Area #5	Special Service Area #6	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 431,412	114,568	72,820	59,870	22,150	700,820
Receivables						
Due from Other Governments	48,447	220				48,667
Due from General Fund		11,722			1,062	12,784
Due from Special Service Areas	1,188					1,188
Total Assets	\$ 481,047	126,510	72,820	59,870	23,212	763,459
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 20,043					20,043
Deposits	71,389					71,389
Due to General Fund			594	594		1,188
Due to Special Service Areas	1,062					1,062
Due to Motor Fuel Tax Fund	11,722					11,722
Total Liabilities	104,216	-	594	594	-	105,404
Fund Balances						
Reserved for						
Park Development	166,119					166,119
Highways and Streets		126,510				126,510
Special Service Areas			72,226	59,276	23,212	154,714
Unreserved						
Undesignated, Reported in General Fund	210,712					210,712
Total Fund Balances	376,831	126,510	72,226	59,276	23,212	658,055
Total Liabilities and Fund Balances	\$ 481,047	126,510	72,820	59,870	23,212	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Total Net Assets of Governmental Activities

1,427,530

2,085,585

See accompanying Notes to the Financial Statements.

VILLAGE OF LILY LAKE, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended April 30, 2011

	General Fund	Motor Fuel Tax Fund	Special Service Area #5	Special Service Area #6	Other Governmental Funds	Total Governmental Funds
Revenues						
Income Taxes	\$ 63,845					63,845
Sales Tax	19,405					19,405
Utilities Tax	36,540					36,540
Road and Bridge Taxes	32,351					32,351
Motor Fuel Tax		24,541				24,541
Licenses and Permits	11,595					11,595
Special Service Area Assessments						
Interest Income	544	141	100	76	33,162	33,162
Miscellaneous Income	333				29	890
Total Revenues	164,613	24,682	100	76	33,191	222,662
Expenditures						
Administration	68,322					68,322
Planning and Zoning	5,306					5,306
Building	8,230					8,230
Streets	31,900					31,900
Snow Removal and Salt					11,801	11,801
Streetlights/Insurance					6,090	6,090
Legal and Engineering			2,982	2,982	619	6,583
Total Expenditures	113,758	-	2,982	2,982	18,510	138,232
Net Change in Fund Balances	50,855	24,682	(2,882)	(2,906)	14,681	84,430
Fund Balances						
May 1	325,976	101,828	75,108	62,182	8,531	573,625
April 30	\$ 376,831	126,510	72,226	59,276	23,212	658,055

See accompanying Notes to the Financial Statements.

VILLAGE OF LILY LAKE, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended April 30, 2011

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

Net Change in Fund Balances - Total Governmental Funds	\$ 84,430
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 that depreciation (\$167,871) exceeded additions (\$0) in the current period.	<u>(167,871)</u>
Change in Net Assets of Governmental Activities	<u>\$ (83,441)</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies

The Village of Lily Lake, Illinois (Village), located in Kane County, was incorporated under the laws of the State of Illinois and operates under a Board of Trustees form of government. The Village provides the following services as authorized: maintenance of highways and streets, public improvements, and other programs funded by general administrative services. The more significant of the Village's accounting policies are described below:

A. Financial Reporting Entity

The Village's financial statements include all government activities, organizations, and functions for which the Board of Trustees (Board) has oversight responsibility. Therefore, they include all funds of the Village whose expenditures are approved by the Board.

The Village has developed criteria to determine whether organizations with separate governing boards meet the criteria of a component unit. The criteria include whether the potential component unit is legally separate and whether the Village is financially accountable for the organization. There are currently no component units to be included in the government's reporting entity.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are required to be provided for governmental, proprietary and fiduciary funds. The Village has only governmental funds. Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds). Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village administers the following major governmental funds:

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

VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies (Cont.)

B. Government-wide and Fund Financial Statements (Cont.)

Fund Financial Statements (Cont.)

Motor Fuel Tax Fund – The Motor Fuel Tax Fund is used to account for the collection and disbursement of earmarked monies for a particular purpose, notably the receipt of tax allocations from the State of Illinois for streets and roads projects.

Special Service Areas # 5 and #6 Funds - In fiscal year 2009-10, the Village collected assessments totaling \$138,430 per annexation agreement of Special Service Areas #5 and #6. This amount is restricted and is to be used only as stated in the annexation agreement. A major use for the SSA funds is to repair/resurface roads within those service area.

C. Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, if any, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village. The Village does not levy property taxes for General Fund purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include: 1) charges for goods, services, or privileges provided; and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

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

VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements

April 30, 2011

1. Summary of Significant Accounting Policies (Cont.)

E. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Due to/from Other Funds" (i.e., the current portion of interfund loans) or "Advances to/from Other Funds" (i.e., the noncurrent portion of interfund loans).

F. Prepaid Items

Payments to vendors that benefit periods beyond this report date are recorded as prepaid items.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost if purchased or estimated historical cost if self-constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and Building Improvements	20 years
Roads	20 years
Drainage Project	20 years

H. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

I. Accounting Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the period. Actual results could differ from these estimates.

2. Budgets

The Village's budget is prepared on the modified accrual method of accounting on a basis consistent with accounting principles generally accepted in the United States of America. As set forth in the Village charter, the Village Board adopts an annual budget for the General Fund, Special Revenue (Motor Fuel Tax) Fund and Special Service Areas which is prepared by fund, function and department. All annual appropriations lapse at fiscal year end.

VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements

April 30, 2011

2. Budgets (Cont.)

Proposed budgets are prepared and submitted to the full Board of Trustees for approval. The budget is legally enacted through passage of an appropriations ordinance. The budget may be amended by the governing body. There were no budgetary amendments during the year ended April 30, 2011. The budget amounts included in the financial statements are the final adopted budget. Expenditures may not legally exceed budgeted appropriations at the fund level.

3. Deposits and Investments

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Money Market Fund. The Village has no investment policy that would further limit its investment choices or limits. Cash on hand of \$300 has been excluded from the amounts shown below.

The Illinois Funds Money Market Fund is an external investment pool developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Treasurer, who has regulatory oversight for the pool. The Fund is not registered with the SEC and has an affirmed AAAM Standard & Poor's credit quality rating. The fair value of the position of this pool is the same as the value of the pool shares. The yield on the Illinois Funds Money Market Fund was .025% at April 30, 2011. The Fund issues a publicly available financial report which may be obtained through their website. At April 30, 2011, the Village's balances in this Fund totaled \$511,629. The Fund invests solely in U.S. Treasury Notes and Bills, and fully insured or collateralized time deposits and repurchase agreements, and mutual funds investing in U.S. Treasury obligations and repurchase obligations.

At year-end the carrying amount of the Village's deposits totaled \$188,891 and the bank balances totaled \$190,164. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for credit risk. As of April 30, 2011, the Village's bank balance of \$190,164 was insured by the FDIC.

4. Receivables - Due from Other Governments

The following is a summary of receivables as of April 30, 2011:

State Income Tax	\$ 29,840
Sales and Use Taxes	5,009
Utilities Tax	6,792
Kane County Reimbursement	6,806
Motor Fuel Taxes	220
	<u>\$ 48,667</u>

VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements
April 30, 2011

5. Capital Assets

Capital asset activity for the year ended April 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 279,887			279,887
Capital Assets Being Depreciated				
Buildings and Improvements	518,148			518,148
Roads	4,370,851			4,370,851
Drainage Project	406,658			406,658
Total Capital Assets Being Depreciated	5,295,657	-	-	5,295,657
Less Accumulated Depreciation for				
Buildings and Improvements	181,349	25,907		207,256
Roads	3,778,461	121,631		3,900,092
Drainage Project	20,333	20,333		40,666
Total Accumulated Depreciation	3,980,143	167,871	-	4,148,014
Total Capital Assets Being Depreciated, Net	1,315,514	(167,871)	-	1,147,643
Capital Assets, Net	\$ 1,595,401	(167,871)	-	1,427,530

Depreciation expense of \$25,907 and \$141,964 was charged to general government and highway and streets, respectively.

6. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. The Village has purchased insurance from private insurance companies to minimize these risks. The policies call for various levels of deductibles. The amount of coverage has not decreased and the amount of settlements has not exceeded coverage in any of the past three fiscal years.

7. Fund Equity/Net Assets Balance

The Village received \$166,119 during prior years in developer donations to be used for park development. This amount is reflected in General Fund's equity as reserved for park development in the fund financial statements and as restricted in the government-wide financial statements. Unspent balances of Motor Fuel Tax allocations from the State of Illinois are restricted to use in road maintenance or improvements. Fund balances reported in Special Service Areas are restricted to municipal services to be provided to these areas.

8. Interfund Receivable and Payable

Interfund balances are comprised of timing differences in reimbursements between the funds as a result of transactions occurring at the end of the fiscal year.

VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements
April 30, 2011

9. Subsequent Events

The Village has evaluated subsequent events through February 11, 2013, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LILY LAKE, ILLINOIS

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2011

	Budget	Actual	Variance from Budget Over (Under)
Revenues			
Income Taxes	\$	63,845	63,845
Sales and Use Taxes		19,405	19,405
Utilities Tax		36,540	36,540
Road and Bridge Taxes		32,351	32,351
Licenses and Permits		11,595	11,595
Interest Income		544	544
Miscellaneous Income		333	333
Total Revenues	-	164,613	164,613
Expenditures			
Administration			
Compensation for Regular Services			
Salaries - Administrative	18,500	16,907	(1,593)
Elected Officials	7,500	6,800	(700)
Other	12,480	12,360	(120)
Insurance	5,900	5,856	(44)
Payroll Taxes	1,965	1,294	(671)
Office Supplies and Expenses	500	469	(31)
Telephone and Utilities	2,000	2,154	154
Printing, Publication and Postage	2,160	1,546	(614)
Equipment	500	220	(280)
Legal and Audit Fees	23,700	18,223	(5,477)
Dues and Subscriptions	750	230	(520)
Other Expenditures and Contingencies	17,550	2,263	(15,287)
Total Administrative	93,505	68,322	(25,183)
Planning and Zoning			
Planning Resources	5,500	5,306	(194)
Building			
Plan Review and Inspection	6,200	6,447	247
Services	1,400	1,783	383
Total Building	7,600	8,230	630
Streets			
Drainage	8,000	2,394	(5,606)
Maintenance	5,900	6,258	358
Snow Removal	35,600	23,248	(12,352)
Total Streets	49,500	31,900	(17,600)
Total Expenditures	156,105	113,758	(42,347)
Net Change in Fund Balance	\$ (156,105)	50,855	206,960
Fund Balance - Beginning of Year		325,976	
Fund Balance - End of Year		376,831	

VILLAGE OF LILY LAKE, ILLINOIS

Motor Fuel Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	Budget	Actual	Variance from Budget Over (Under)
Revenues			
Motor Fuel Tax Allocations	\$	24,541	24,541
Interest Income		141	141
Total Revenues	-	24,682	24,682
Expenditures			
Other			
Net Change in Fund Balance	\$ -	24,682	24,682
Fund Balance - Beginning of Year		101,828	
Fund Balance - End of Year		126,510	

VILLAGE OF LILY LAKE, ILLINOIS

Special Service Area #5 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	Budget	Actual	Variance from Budget Over (Under)
Revenues			
Interest Income	\$	100	100
Expenditures			
Legal and Engineering		2,982	2,982
Net Change in Fund Balance	<u>\$ -</u>	(2,882)	<u>(2,882)</u>
Fund Balance - Beginning of Year		<u>75,108</u>	
Fund Balance - End of Year		<u>72,226</u>	

VILLAGE OF LILY LAKE, ILLINOIS

Special Service Area #6 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	Budget	Actual	Variance from Budget Over (Under)
Revenues			
Interest Income	\$	76	76
Expenditures			
Legal and Engineering		2,982	2,982
Net Change in Fund Balance	<u>\$ -</u>	(2,906)	<u>(2,906)</u>
Fund Balance - Beginning of Year		62,182	
Fund Balance - End of Year		<u>59,276</u>	

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

VILLAGE OF LILY LAKE, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental Funds

Balance Sheet

April 30, 2011

	Special Service Area #2	Special Service Area #3	Special Service Area #4	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	\$ 8,385	7,645	6,120	22,150
Due from General Fund	149	160	753	1,062
Total Assets	\$ 8,534	7,805	6,873	23,212
FUND BALANCES				
Fund Balances				
Reserved for Special Service Areas	\$ 8,534	7,805	6,873	23,212

See accompanying Notes to the Financial Statements.

VILLAGE OF LILY LAKE, ILLINOIS

Combing Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended April 30, 2011

	Special Service Area #2	Special Service Area #3	Special Service Area #4	Total Nonmajor Governmental Funds
Revenues				
Special Service Area Assessments	\$ 13,587	8,714	10,861	33,162
Interest Income	15	8	6	29
Total Revenues	13,602	8,722	10,867	33,191
Expenditures				
Snow Removal and Salt	5,509	1,914	4,378	11,801
Streetlights/Insurance	5,904	186		6,090
Legal and Engineering	68	68	483	619
Total Expenditures	11,481	2,168	4,861	18,510
Net Change in Fund Balances	2,121	6,554	6,006	14,681
Fund Balances				
May 1	6,413	1,251	867	8,531
April 30	\$ 8,534	7,805	6,873	23,212

See accompanying Notes to the Financial Statements.

VILLAGE OF LILY LAKE, ILLINOIS

Special Service Area #2 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2011

	Budget	Actual	Variance from Budget Over (Under)
Revenues			
Special Service Area Assessments	\$	13,587	13,587
Interest Income		15	15
Total Revenues	-	13,602	13,602
Expenditures			
Snow Removal and Salt	8,050	5,509	(2,541)
Streetlights/Insurance	4,995	5,904	909
Legal and Engineering	1,500	68	(1,432)
Total Expenditures	14,545	11,481	(3,064)
Net Change in Fund Balance	<u>\$ (14,545)</u>	2,121	<u>16,666</u>
Fund Balance - Beginning of Year		<u>6,413</u>	
Fund Balance - End of Year		<u>8,534</u>	

VILLAGE OF LILY LAKE, ILLINOIS

Special Service Area #3 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2011

	Budget	Actual	Variance from Budget Over (Under)
Revenues			
Special Service Area Assessments	\$	8,714	8,714
Interest Income		8	8
Total Revenues	-	8,722	8,722
Expenditures			
Snow Removal and Salt	6,392	1,914	(4,478)
Streetlights/Insurance	808	186	(622)
Legal and Engineering	1,500	68	(1,432)
Total Expenditures	8,700	2,168	(6,532)
Net Change in Fund Balance	\$ (8,700)	6,554	15,254
Fund Balance - Beginning of Year		1,251	
Fund Balance - End of Year		7,805	

VILLAGE OF LILY LAKE, ILLINOIS

Special Service Area #4 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011

	Budget	Actual	Variance from Budget Over (Under)
Revenues			
Special Service Area Assessments	\$	10,861	10,861
Interest Income		6	6
Total Revenues	-	10,867	10,867
Expenditures			
Snow Removal and Salt	8,850	4,378	(4,472)
Legal and Engineering	2,000	483	(1,517)
Total Expenditures	10,850	4,861	(5,989)
Net Change in Fund Balance	<u>\$ (10,850)</u>	6,006	<u>16,856</u>
Fund Balance - Beginning of Year		867	
Fund Balance - End of Year		<u>6,873</u>	