

**VILLAGE OF LILY LAKE  
KANE COUNTY, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

For the Year Ended  
April 30, 2018



# VILLAGE OF LILY LAKE

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April 30, 2018

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# VILLAGE OF LILY LAKE

## PRINCIPAL OFFICIALS

April 30, 2018

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### Village President

Rick Overstreet

### Trustees

Pam Conn  
Mary Rose Damisch  
Tim Dell  
Janet Marlovits  
Christopher Vaughn  
Craig Walsh

### Treasurer

Lisa Engberg

### Clerk

Jesse Heffernan

# Karrison LLC

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Certified Public Accountant • 1775 Legacy Circle • Naperville, Illinois 60563 • 630.505.3920

## INDEPENDENT AUDITOR'S REPORT

The Honorable Village President  
Members of the Board of Trustees  
Village of Lily Lake

We have audited accompanying financial statements of the governmental activities and each major fund of the Village of Lily Lake as of and for the year ended April 30, 2018, which collectively comprise the Village of Lily Lake's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Basic Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these basic 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 plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Village of Lily Lake's preparation and fair presentation of the basic 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 of Lily Lake'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 basic financial statements.

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

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## **Opinions**

In our opinion, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities and each major fund of the Village of Lily Lake as of April 30, 2018 and the respective changes in financial position – modified cash basis for the year then ended in conformity with the basis of accounting as described in Note 1.

## **Basis of Accounting**

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

## **Other Matters**

### **Supplemental Data**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lily Lake's basic financial statements. The individual fund financial information listed as schedules and supplemental data in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund schedules and supplemental data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

The introductory section was not audited by us, and accordingly, we express no opinion thereon.

Karrion LLC

Naperville, Illinois  
November 28, 2018

# VILLAGE OF LILY LAKE

## STATEMENT OF NET POSITION MODIFIED CASH BASIS

April 30, 2018

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| ASSETS  |                                    |
| Cash and investments                                | \$ 581,560                         |
| Capital assets, not being depreciated               | 279,887                            |
| Capital assets (net of<br>accumulated depreciation) | <u>1,081,779</u>                   |
| Total assets  | <u>1,943,226</u>                   |
| LIABILITIES   |                                    |
| Occupancy bonds payable                             | <u>5,000</u>                       |
| NET POSITION  |                                    |
| Invested in capital assets                          | 1,361,666                          |
| Restricted  |                                    |
| Highways and streets                                | 71,987                             |
| Special service areas                               | 115,677                            |
| Unrestricted  | <u>388,896</u>                     |
| Total net position                                  | <u>\$ 1,938,226</u>                |

See accompanying notes to financial statements.



# VILLAGE OF LILY LAKE

## STATEMENT OF ACTIVITIES MODIFIED CASH BASIS

For the Year Ended April 30, 2018

| FUNCTIONS/PROGRAMS            |            |                         |                         |                   | Net (Expense) |
|-------------------------------|------------|-------------------------|-------------------------|-------------------|---------------|
|                               |            |                         |                         |                   | Revenue and   |
|                               |            |                         |                         |                   | Change in     |
|                               |            |                         |                         |                   | Net Position  |
|                               |            |                         |                         |                   | Primary       |
|                               |            |                         |                         |                   | Governmental  |
|                               |            |                         |                         |                   | Activities    |
|                               | Expenses   | Charges<br>for Services | Operating<br>Grants     | Capital<br>Grants |               |
| PRIMARY GOVERNMENT            |            |                         |                         |                   |               |
| Governmental Activities       |            |                         |                         |                   |               |
| General government            | \$ 94,066  | \$ 59,173               | \$ -                    | \$ -              | \$ (34,893)   |
| Highways and streets          | 128,316    | -                       | -                       | -                 | (128,316)     |
| Public works                  | 160,125    | -                       | -                       | -                 | (160,125)     |
| Total governmental activities | 382,507    | 59,173                  | -                       | -                 | (323,334)     |
| Total primary government      | \$ 382,507 | \$ 59,173               | \$ -                    | \$ -              | (323,334)     |
|                               |            |                         |                         |                   |               |
|                               |            |                         | General Revenues        |                   |               |
|                               |            |                         | Taxes                   |                   |               |
|                               |            |                         | Property                |                   | 38,904        |
|                               |            |                         | Motor fuel              |                   | 25,255        |
|                               |            |                         | Income                  |                   | 91,261        |
|                               |            |                         | Sales & use             |                   | 59,443        |
|                               |            |                         | Utility                 |                   | 39,977        |
|                               |            |                         | Telecom                 |                   | 14,595        |
|                               |            |                         | Video gaming            |                   | 1,978         |
|                               |            |                         | Franchise fees          |                   | 16,416        |
|                               |            |                         | Licenses and permits    |                   | 16,271        |
|                               |            |                         | Investment income       |                   | 296           |
|                               |            |                         | Miscellaneous           |                   | 1,618         |
|                               |            |                         | Total                   |                   | 306,014       |
|                               |            |                         | Change in Net Position  |                   | (17,320)      |
|                               |            |                         | Net Position - May 1    |                   | 1,955,546     |
|                               |            |                         | Net Position - April 30 |                   | \$ 1,938,226  |

See accompanying notes to financial statements.

VILLAGE OF LILY LAKE  
GOVERNMENTAL FUNDS

BALANCE SHEET  
MODIFIED CASH BASIS

April 30, 2018

| ASSETS                                 |            |                   |                              |                              |                              |            |
|--|------------|-------------------|------------------------------|------------------------------|------------------------------|------------|
|  | General    | Motor<br>Fuel Tax | Special<br>Service<br>Area 2 | Special<br>Service<br>Area 3 | Special<br>Service<br>Area 4 | Total      |
| Cash and investments                   | \$ 404,269 | \$ 56,802         | \$ 48,359                    | \$ 24,082                    | \$ 48,048                    | \$ 581,560 |
| Due from other funds                   | 4,812      | 15,185            | -                            | -                            | -                            | 19,997     |
| Total assets                           | 409,081    | 71,987            | 48,359                       | 24,082                       | 48,048                       | 601,557    |
|  |            |                   |                              |                              |                              |            |
| LIABILITIES<br>AND FUND BALANCES       |            |                   |                              |                              |                              |            |
| Liabilities                            |            |                   |                              |                              |                              |            |
| Occupancy bonds payable                | 5,000      | -                 | -                            | -                            | -                            | 5,000      |
| Due to other funds                     | 15,185     | -                 | 346                          | 1,146                        | 3,320                        | 19,997     |
| Total liabilities                      | 20,185     | -                 | 346                          | 1,146                        | 3,320                        | 24,997     |
| Fund Balances                          |            |                   |                              |                              |                              |            |
| Restricted                             |            |                   |                              |                              |                              |            |
| Highways and streets                   | -          | 71,987            | -                            | -                            | -                            | 71,987     |
| Special service areas                  | -          | -                 | 48,013                       | 22,936                       | 44,728                       | 115,677    |
| Unrestricted                           |            |                   |                              |                              |                              |            |
| Unassigned                             | 388,896    | -                 | -                            | -                            | -                            | 388,896    |
| Total fund balances                    | 388,896    | 71,987            | 48,013                       | 22,936                       | 44,728                       | 576,560    |
| Total liabilities<br>and fund balances | \$ 409,081 | \$ 71,987         | \$ 48,359                    | \$ 24,082                    | \$ 48,048                    | \$ 601,557 |

See accompanying notes to financial statements.

# VILLAGE OF LILY LAKE

## RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION MODIFIED CASH BASIS

April 30, 2018

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|  |                            |
|--|----------------------------|
| Fund Balances of Governmental Funds  | \$ 576,560                 |
| Amounts reported for governmental activities in the<br>statement of net assets are different because:  |                            |
| Capital assets used in governmental activities are<br>not financial resources and, therefore, are not<br>reported in the governmental funds. | <u>1,361,666</u>           |
| Net Position of Governmental Activities  | <u><u>\$ 1,938,226</u></u> |

See accompanying notes to financial statements.

**VILLAGE OF LILY LAKE**  
**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS**

For the Year Ended April 30, 2018

|                                    | General           | Motor<br>Fuel Tax | Service<br>Area 2 | Service<br>Area 3 | Service<br>Area 4 | Total             |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenues</b>                    |                   |                   |                   |                   |                   |                   |
| Taxes                              | \$ 246,158        | \$ 25,255         | \$ -              | \$ -              | \$ -              | \$ 271,413        |
| Charges for services               | -                 | -                 | 29,593            | 9,061             | 20,519            | 59,173            |
| Licenses and permits               | 15,371            | -                 | -                 | -                 | -                 | 15,371            |
| Fines and fees                     | 17,316            | -                 | -                 | -                 | -                 | 17,316            |
| Investment income                  | 296               | -                 | -                 | -                 | -                 | 296               |
| Miscellaneous                      | 1,618             | -                 | -                 | -                 | -                 | 1,618             |
| <b>Total revenues</b>              | <b>280,759</b>    | <b>25,255</b>     | <b>29,593</b>     | <b>9,061</b>      | <b>20,519</b>     | <b>365,187</b>    |
| <b>Expenditures</b>                |                   |                   |                   |                   |                   |                   |
| Current                            |                   |                   |                   |                   |                   |                   |
| General government                 | 68,159            | -                 | -                 | -                 | -                 | 68,159            |
| Highways and streets               | -                 | -                 | 29,372            | 9,404             | 14,539            | 53,315            |
| Public works                       | 247,158           | -                 | -                 | -                 | -                 | 247,158           |
| Capital outlay                     | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Total expenditures</b>          | <b>315,317</b>    | <b>-</b>          | <b>29,372</b>     | <b>9,404</b>      | <b>14,539</b>     | <b>368,632</b>    |
| <b>Net Change in Fund Balances</b> | <b>(34,558)</b>   | <b>25,255</b>     | <b>221</b>        | <b>(343)</b>      | <b>5,980</b>      | <b>(3,445)</b>    |
| <b>Fund Balances - May 1</b>       | <b>423,454</b>    | <b>46,732</b>     | <b>47,792</b>     | <b>23,279</b>     | <b>38,748</b>     | <b>580,005</b>    |
| <b>Fund Balances - April 30</b>    | <b>\$ 388,896</b> | <b>\$ 71,987</b>  | <b>\$ 48,013</b>  | <b>\$ 22,936</b>  | <b>\$ 44,728</b>  | <b>\$ 576,560</b> |

See accompanying notes to financial statements.

VILLAGE OF LILY LAKE

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

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|   |                    |
|---|--------------------|
| Net Change in Fund Balances -   |                    |
| Total Governmental Funds  | \$ (3,445)         |
| Amounts reported for governmental activities in the statement of<br>activities are different because:   |                    |
| Governmental funds report capital outlay as expenditures; however,<br>they are capitalized and depreciated in the statement of activities   | 130,575            |
| Some expenses in the statement of activities (depreciation)<br>do not require the use of current financial resources and, therefore,<br>are not reported as expenditures in governmental funds. | <u>(144,450)</u>   |
| Change in Net Position of Governmental Activities   | <u>\$ (17,320)</u> |

See accompanying notes to financial statements.

# VILLAGE OF LILY LAKE

## NOTES TO FINANCIAL STATEMENTS

April 30, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Lily Lake (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP), except as described in Note 1.d. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following is a summary of the significant accounting policies of the Village.

#### a. Reporting Entity

The Village is located in Kane County, Illinois and provides maintenance of highways and streets, public improvements, zoning, and general administrative services.

As required by GAAP, these financial statements present the Village and any component units, entities for which the Village is considered to be financially accountable. As of the date of this report, there were no entities that would be considered a component unit of the Village. Also, the Village is not considered a component unit of any other governmental entity.

#### b. Fund Accounting

The Village uses funds to report on its net position and the changes in its net position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following category: governmental.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement restricted or committed revenue sources (special revenue funds), the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the entity. When these assets are held under the terms of a formal trust agreement, a pension trust fund is used. The Village has no fiduciary funds.

## VILLAGE OF LILY LAKE

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2018

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (the Village has no business-type activities).

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program 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 shared revenues 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.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund - is the Village's primary operating fund and accounts for all financial resources of the general government that are not required to be accounted for in other funds.

Motor Fuel Tax Fund - accounts for the revenues received from motor fuel taxes and expenditures for maintenance of roads.

Special Service Areas 2, 3, and 4 - account for the collections of assessments and expenditures for the repairs/resurfacing of roads in the special service areas.

Park Development Fund accounts for funds assigned for future capital purchases of the Village.

## VILLAGE OF LILY LAKE

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2018

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting, which is not in accordance with GAAP but is an "other comprehensive basis of accounting." Under the modified cash basis, revenues and additions are recorded when received and expenditures/expenses and deductions are recorded when paid, adjusted for modifications that have substantial support in accounting principles generally accepted in the United States of America. Certain assets and liabilities arising from cash transactions are recorded in the government-wide financial statements. Thus, capital assets and related accumulated depreciation and depreciation expense, and long-term debt are recognized.

The Village reports unearned revenue on its financial statements, if applicable. Unearned revenues arise when resources are received by the Village before it has legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the Village has a legal claim to the resources by meeting all eligibility requirements, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

##### e. Deposits and Investments

Cash and cash equivalents consist of demand deposits.

Investments of the Village's operating funds with maturities of one year or more from the date of purchase, other than nonnegotiable certificates of deposit, are stated at fair value based on quoted market prices. Investments with maturities of one year or less from the date of purchase and nonnegotiable certificates of deposit are stated at cost or amortized cost. All other investments which do not consider market rates are stated at cost.

##### f. Interfund Receivables and Payables

Activity between funds that is 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 the interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."



## VILLAGE OF LILY LAKE

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### g. Capital Assets

Capital assets are recorded as expenditures at the time of purchase. Capital assets, which include property, plant, equipment, intangible assets and infrastructure assets, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Assets                              | Years |
|-------------------------------------|-------|
| Buildings and building improvements | 20    |
| Roads                               | 20    |
| Drainage project                    | 20    |
| Park equipment                      | 10    |

##### h. Long-Term Obligations

In the government-wide financial statements, general long-term debt and other long-term obligations, if any, are reported as liabilities in the statement of net position.

# VILLAGE OF LILY LAKE

## NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance rests with the Village Board. Any residual fund balance is reported as unassigned.

The Village has no flow of funds assumption, and therefore applies the flow of funds methodology of GASB Statement No. 54 which prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

The Village has not established fund balance reserve policies for any of its governmental funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net position has not been restricted by enabling legislation adopted by the Village. Investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

#### j. Accounting Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## VILLAGE OF LILY LAKE

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2018

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#### 2. PROPERTY TAX CALENDAR

The Village does not levy property taxes.

#### 3. DEPOSITS AND INVESTMENTS

##### a. Village Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments 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 Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

The Village's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance. Additionally, the Village will not invest in any institution in which the Village's funds on deposit are in excess of 75% of the institution's capital stock and surplus. As of April 30, 2018, the Village had \$85,036 of deposits which were uninsured and uncollateralized.

## VILLAGE OF LILY LAKE

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2018

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#### 3. DEPOSITS AND INVESTMENTS (Continued)

##### a. Village Investments

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity and rate of return.

The Village maintains a cash and investment pool that is available for use by all funds

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in securities issued by United States governmental agencies. Illinois Funds is rated AAA.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold.

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018 was as follows:

# VILLAGE OF LILY LAKE

## NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2018

|  | Balances<br>May 1   | Increases          | Decreases | Balances<br>April 30 |
|--|---------------------|--------------------|-----------|----------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>         |                     |                    |           |                      |
| Capital assets not being depreciated   |                     |                    |           |                      |
| Land                                   | \$ 279,887          | -                  | -         | \$ 279,887           |
| Construction in progress               | -                   | -                  | -         | -                    |
|  | <u>279,887</u>      | <u>-</u>           | <u>-</u>  | <u>279,887</u>       |
| Capital assets being depreciated       |                     |                    |           |                      |
| Village Hall                           | 518,148             | -                  | -         | 518,148              |
| Roads                                  | 4,990,291           | 130,575            | -         | 5,120,866            |
| Indian Creek Drainage Project          | 406,658             | -                  | -         | 406,658              |
| Park Equipment                         | 232,087             | -                  | -         | 232,087              |
|  | <u>6,147,184</u>    | <u>130,575</u>     | <u>-</u>  | <u>6,277,759</u>     |
| Less accumulated depreciation          |                     |                    |           |                      |
| Village Hall                           | 362,700             | 25,907             | -         | 388,607              |
| Roads                                  | 4,432,795           | 75,001             | -         | 4,507,796            |
| Indian Creek Drainage Project          | 162,664             | 20,333             | -         | 182,997              |
| Park Equipment                         | 93,371              | 23,209             | -         | 116,580              |
|  | <u>5,051,530</u>    | <u>144,450</u>     | <u>-</u>  | <u>5,195,980</u>     |
| Total capital assets being depreciated | <u>1,095,654</u>    | <u>(13,875)</u>    | <u>-</u>  | <u>1,081,779</u>     |
| <b>GOVERNMENTAL ACTIVITIES</b>         |                     |                    |           |                      |
| CAPITAL ASSETS - NET                   | <u>\$ 1,375,541</u> | <u>\$ (13,875)</u> | <u>-</u>  | <u>\$ 1,361,666</u>  |

Depreciation was charged to functions of the primary government as follows:

|                                |                   |
|--------------------------------|-------------------|
| <b>GOVERNMENTAL ACTIVITIES</b> |                   |
| General government             | 25,907            |
| Highways and streets           | 75,001            |
| Public works                   | 43,542            |
| Total                          | <u>\$ 144,450</u> |

## VILLAGE OF LILY LAKE

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2018

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#### 5. 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; employee health, and natural disasters. Employee health risk is covered by commercial insurance purchased from independent third parties. The amount of coverage has not decreased, and the amount of any settlements has not exceeded coverage in any of the past three years.

#### 7. INTERFUND RECEIVABLES AND PAYABLES

The following balances are expected to be repaid within one year.

| <u>Fund</u>            | <u>Due From</u>  | <u>Due To</u>    |
|------------------------|------------------|------------------|
| General                | \$ 4,812         | \$ 15,185        |
| Motor Fuel Tax         | 15,185           | -                |
| Special Service Area 2 | -                | 346              |
| Special Service Area 3 | -                | 1,146            |
| Special Service Area 4 | -                | 3,320            |
|                        | <u>\$ 19,997</u> | <u>\$ 19,997</u> |

#### 8. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through November 28, 2018, the date on which the financial statements were available to be issued.

**VILLAGE OF LILY LAKE**  
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

|                             | Original<br>and Final<br>Budget | Actual            |
|-----------------------------|---------------------------------|-------------------|
| Revenues                    |                                 |                   |
| Taxes                       |                                 |                   |
| Property - road and bridge  | \$ 38,000                       | \$ 38,904         |
| Income                      | 95,000                          | 91,261            |
| Sales                       | 35,000                          | 38,753            |
| Use                         | 22,000                          | 20,690            |
| Utility                     | 35,000                          | 39,977            |
| Telecom                     | 16,000                          | 14,595            |
| Video gaming                | -                               | 1,978             |
| Licenses and permits        |                                 |                   |
| Administration fee          | 6,000                           | 5,419             |
| Culvert permits             | 1,500                           | 600               |
| Building inspection fees    | 15,000                          | 6,002             |
| Liquor licenses             | 3,250                           | 3,350             |
| Fines and fees              |                                 |                   |
| Variance/special use        | 750                             | 750               |
| Planning/engineering review | 2,000                           | 150               |
| Cable television franchise  | 15,500                          | 16,416            |
| Investment income           | 200                             | 296               |
| Miscellaneous               | 95                              | 1,618             |
| Total revenues              | <u>285,295</u>                  | <u>280,759</u>    |
| Expenditures                |                                 |                   |
| General government          | 94,150                          | 68,159            |
| Public works                | 345,350                         | 247,158           |
| Total expenditures          | <u>439,500</u>                  | <u>315,317</u>    |
| Net Change in Fund Balance  | <u>\$ (154,205)</u>             | (34,558)          |
| Fund Balance - May 1        |                                 | <u>423,454</u>    |
| Fund Balance - April 30     |                                 | <u>\$ 388,896</u> |

See independent auditor's report.

**VILLAGE OF LILY LAKE**  
**MOTOR FUEL TAX FUND**

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

|                            | Original<br>and Final<br>Budget | Actual           |
|----------------------------|---------------------------------|------------------|
| Revenues                   |                                 |                  |
| Taxes                      |                                 |                  |
| Motor fuel                 | \$ 20,000                       | \$ 25,255        |
| Total revenues             | 20,000                          | 25,255           |
| Expenditures               |                                 |                  |
| Capital improvements       | 24,000                          | -                |
| Total expenditures         | 24,000                          | -                |
| Net Change in Fund Balance | <u>\$ (4,000)</u>               | 25,255           |
| Fund Balance - May 1       |                                 | 46,732           |
| Fund Balance - April 30    |                                 | <u>\$ 71,987</u> |

See independent auditor's report.



**VILLAGE OF LILY LAKE**  
**SPECIAL SERVICE AREA 2 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MODIFIED CASH BASIS**

For the Year Ended April 30, 2018

|                            | Original<br>and Final<br>Budget | Actual           |
|----------------------------|---------------------------------|------------------|
| Revenues                   |                                 |                  |
| Charges for services       |                                 |                  |
| SSA assessments            | \$ 30,000                       | \$ 29,593        |
| Total revenues             | 30,000                          | 29,593           |
| Expenditures - streets     |                                 |                  |
| Administration             |                                 |                  |
| Bank fees                  | 50                              | -                |
| Commodities                |                                 |                  |
| Salt                       | 3,200                           | 955              |
| Contractual services       |                                 |                  |
| Engineering                | 500                             | -                |
| Insurance - casualty       | 100                             | 273              |
| Legal                      | 1,000                           | 891              |
| Maintenance                | 24,000                          | 17,505           |
| Snow removal               | 6,500                           | 3,897            |
| Streetlights/electricity   | 6,000                           | 5,851            |
| Total expenditures         | 41,350                          | 29,372           |
| Net Change in Fund Balance | <u>\$ (11,350)</u>              | 221              |
| Fund Balance - May 1       |                                 | 47,792           |
| Fund Balance - April 30    |                                 | <u>\$ 48,013</u> |

See independent auditor's report.

**VILLAGE OF LILY LAKE**  
**SPECIAL SERVICE AREA 3 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MODIFIED CASH BASIS**

For the Year Ended April 30, 2018

|                            | Original<br>and Final<br>Budget | Actual           |
|----------------------------|---------------------------------|------------------|
| Revenues                   |                                 |                  |
| Charges for services       |                                 |                  |
| SSA assessments            | \$ 10,000                       | \$ 9,061         |
| Total revenues             | 10,000                          | 9,061            |
| Expenditures - streets     |                                 |                  |
| Administration             |                                 |                  |
| Bank fees                  | 50                              | -                |
| Commodities                |                                 |                  |
| Salt                       | 1,700                           | 332              |
| Contractual services       |                                 |                  |
| Engineering                | 500                             | -                |
| Insurance - casualty       | 200                             | 168              |
| Legal                      | 1,000                           | 891              |
| Maintenance                | 8,000                           | 6,595            |
| Snow removal               | 2,400                           | 1,354            |
| Streetlights/electricity   | 900                             | 64               |
| Total expenditures         | 14,750                          | 9,404            |
| Net Change in Fund Balance | <u>\$ (4,750)</u>               | (343)            |
| Fund Balance - May 1       |                                 | 23,279           |
| Fund Balance - April 30    |                                 | <u>\$ 22,936</u> |

See independent auditor's report.

**VILLAGE OF LILY LAKE**  
**SPECIAL SERVICE AREA 4 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
MODIFIED CASH BASIS**

For the Year Ended April 30, 2018

|                            | Original<br>and Final<br>Budget | Actual    |
|----------------------------|---------------------------------|-----------|
| Revenues                   |                                 |           |
| Charges for services       |                                 |           |
| SSA assessments            | \$ 21,000                       | \$ 20,519 |
| Total revenues             | 21,000                          | 20,519    |
| Expenditures - streets     |                                 |           |
| Administration             |                                 |           |
| Bank fees                  | 50                              | -         |
| Commodities                |                                 |           |
| Salt                       | 2,600                           | 764       |
| Contractual services       |                                 |           |
| Engineering                | 300                             | -         |
| Insurance - casualty       | 500                             | 269       |
| Legal                      | 1,000                           | 891       |
| Maintenance                | 14,575                          | 9,275     |
| Snow removal               | 5,200                           | 3,117     |
| Streetlights/electricity   | 5,300                           | 223       |
| Total expenditures         | 29,525                          | 14,539    |
| Net Change in Fund Balance | \$ (8,525)                      | 5,980     |
| Fund Balance - May 1       |                                 | 38,748    |
| Fund Balance - April 30    |                                 | \$ 44,728 |

See independent auditor's report.

**VILLAGE OF LILY LAKE**  
GENERAL FUND

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL  
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

|                        | Original<br>and Final<br>Budget | Actual    |
|------------------------|---------------------------------|-----------|
| Administration         |                                 |           |
| Personnel              |                                 |           |
| Appointed              | \$ 12,500                       | \$ 9,857  |
| Elected                | 7,800                           | 6,700     |
| Employee               | 19,500                          | 18,500    |
| Medicare               | 600                             | 268       |
| Social security        | 2,400                           | 1,147     |
| Employee taxes         | 1,300                           | 16        |
| Administration         | -                               | 361       |
|                        | 44,100                          | 36,849    |
| Contractual services   |                                 |           |
| Legal - general        | 25,000                          | 12,130    |
| Accounting services    | 7,500                           | 6,765     |
| Printing               | 250                             | -         |
| Insurance - bond       | 50                              | -         |
| Insurance - liability  | 8,200                           | 8,430     |
| Code hearing officer   | 1,500                           | -         |
| Miscellaneous          | 50                              | (20)      |
|                        | 42,550                          | 27,305    |
| Commodities            |                                 |           |
| Office supplies        | 2,150                           | 1,123     |
| Postage                | 350                             | 325       |
|                        | 2,500                           | 1,448     |
| Other Expenditures     |                                 |           |
| Subscriptions/website  | 250                             | 165       |
| Dues                   | 1,600                           | 1,373     |
| Publications           | 500                             | 435       |
| Community relations    | 2,000                           | 524       |
| Training and education | 350                             | 60        |
| Miscellaneous          | 300                             | -         |
|                        | 5,000                           | 2,557     |
| Capital outlay         |                                 |           |
| Furniture              | -                               | -         |
|                        | -                               | -         |
| Total administration   | \$ 94,150                       | \$ 68,159 |

See independent auditor's report.

**VILLAGE OF LILY LAKE**  
**GENERAL FUND**

**SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**MODIFIED CASH BASIS**

For the Year Ended April 30, 2018

|                            | Original<br>and Final | Actual          |
|----------------------------|-----------------------|-----------------|
| Public works               |                       |                 |
| Contractual services       |                       |                 |
| Engineering                | \$ 16,000             | \$ -            |
| Snow removal               | 29,000                | 17,432          |
| Salt storage (rent)        | 600                   | -               |
| Maintenance services       | 50,000                | 48,818          |
|                            | <u>95,600</u>         | <u>66,250</u>   |
| Commodities                |                       |                 |
| Bulk salt                  | <u>14,000</u>         | <u>4,271</u>    |
| Capital outlay             |                       |                 |
| Capital improvements       | <u>168,400</u>        | <u>130,575</u>  |
| Other Expenditures         |                       |                 |
| Equipment                  | -                     | 1,081           |
| Equipment maintenance      | -                     | 1,292           |
| Landscape/sign maintenance | -                     | 15,675          |
| Electricity                | -                     | 749             |
|                            | <u>-</u>              | <u>18,797</u>   |
| Total public works         | <u>278,000</u>        | <u>219,893</u>  |
| Development                |                       |                 |
| Contractual services       |                       |                 |
| Building inspections       | 10,000                | 5,375           |
| Engineering                | 4,000                 | 2,107           |
|                            | <u>14,000</u>         | <u>7,482</u>    |
| Other expenditures         |                       |                 |
| Grants                     | 100                   | -               |
| Publications               | 150                   | 202             |
| Training and education     | 350                   | -               |
|                            | <u>600</u>            | <u>202</u>      |
| Total development          | <u>\$ 14,600</u>      | <u>\$ 7,684</u> |

See independent auditor's report.

**VILLAGE OF LILY LAKE**  
**GENERAL FUND**

**SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)**  
**MODIFIED CASH BASIS**

For the Year Ended April 30, 2018

|                        | Original<br>and Final<br>Budget | Actual            |
|------------------------|---------------------------------|-------------------|
| Community center       |                                 |                   |
| Contractual services   |                                 |                   |
| Equipment maintenance  | \$ 2,000                        | \$ 110            |
| Telephone              | 3,000                           | 2,823             |
| Animal control         | 300                             | -                 |
| Building services      | 7,000                           | 6,718             |
| Lawn care              | 5,500                           | 5,310             |
| Police protection      | 5,000                           | 1,080             |
| Janitorial services    | 900                             | 642               |
|                        | <u>23,700</u>                   | <u>16,683</u>     |
| Capital improvements   |                                 |                   |
| Landscaping and sign   | 1,500                           | 839               |
| Village hall           | 25,000                          | 1,951             |
|                        | <u>26,500</u>                   | <u>2,790</u>      |
| Total community center | <u>50,200</u>                   | <u>19,473</u>     |
| Finance                |                                 |                   |
| Other expenditures     |                                 |                   |
| Bank fees              | 50                              | 108               |
| Training & education   | 350                             | -                 |
|                        | <u>400</u>                      | <u>108</u>        |
| Contingency            |                                 |                   |
| Contingencies          | 20,000                          | -                 |
| Total expenditures     | <u>\$ 457,600</u>               | <u>\$ 315,317</u> |

See independent auditor's report.

## **VILLAGE OF LILY LAKE**

### **NOTES TO SUPPLEMENTAL DATA**

April 30, 2018

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#### **1. BUDGETS**

An annual budget and appropriation ordinance (budget) is prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations.

The budget may be amended by the governing body.

The budget is adopted on a modified cash basis.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplementary appropriations were necessary.

#### **2. EXCESS OF EXPENDITURES OVER BUDGET**

No fund had an excess of expenditures over budget.

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