

**Village of Lily Lake,  
Illinois**

**Annual Financial Report**

**For the Year Ended  
April 30, 2008**

**Wolf & Company LLP**  
Certified Public Accountants

# VILLAGE OF LILY LAKE, ILLINOIS

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## **INTRODUCTORY SECTION**

**VILLAGE OF LILY LAKE, ILLINOIS**

Principal Officials  
April 30, 2008

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**LEGISLATIVE**

**VILLAGE BOARD OF TRUSTEES**

Jesse Heffernan, President

Mary Damisch

Carl Dekker

Geoff Goddard

Jeffrey Lonigro

Bob Wacker

Ray Ivancic, Treasurer

Heather Gravlin, 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 for the Village of Lily Lake, Illinois, as of and for the year ended April 30, 2008, 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, 2008, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 5, and budgetary comparison information on pages 16-18, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Wolf & Company LLP*

Oak Brook, Illinois  
March 3, 2010

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

**April 30, 2008**

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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, 2008. 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 Kane County, west of St. Charles, Illinois, and has a population of 900. The area surrounding the Village of Lily Lake is predominately rural and the principle economic base includes a retail food store, gasoline station, and one light manufacturer. Major revenue sources of the Village of Lily Lake include State Income Tax, Motor Fuel Tax, Communications Tax, and Sales Tax generated from the Village's retail outlets. The gas station and retail food store were temporarily shut down for a portion of the 2008 fiscal year. This greatly affected the Village's sales tax revenue. The Village has approved several residential developments, which will increase the population and add a large commercial base to the area. Reflecting the decline in the economy, however, growth within the approved subdivisions has slowed to an alarming rate.

Despite the temporary recession in the U.S. economy, Lily Lake remains in a desirable location within Kane County. Lily Lake enjoys the service of one of the highest ranked school districts in the State of Illinois. The quality of soils and moderate temperatures allow for successful farming. Job opportunities are within easy driving distance and a new commuter train station has been established in neighboring Elburn into Chicago. Advanced educational opportunities are also within driving distance as Northern Illinois University, Elgin Community College and Waubesa Community College service the community.

**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.

The government-wide financial statements can be found on pages 6 and 7 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 two 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 and Motor Fuel Tax Fund 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 11 through 15 of this report.

## Financial Analysis

### Statement of Net Assets

	April 30,	
	2008	2007
Current Assets	\$ 808,826	\$ 815,360
Non-current Assets	1,624,646	1,860,869
	<u>2,433,472</u>	<u>2,676,229</u>
Current Liabilities	<u>81,203</u>	<u>91,270</u>
Net Assets		
Invested in Capital Assets	1,624,646	1,860,869
Restricted	236,210	166,657
Unrestricted	<u>491,413</u>	<u>557,433</u>
	<u>\$ 2,352,269</u>	<u>\$ 2,584,959</u>

## Liquidity and Investments

Within the General Fund, the Village maintains cash and investments equivalent to 93% of General Fund balances. Cash and investments are comprised principally of money market balances. Cash and investments declined over the previous fiscal year-end as amounts previously collected from developers as "cash contributions in lieu of land" were subsequently paid to the Burlington Consolidated School District and Elburn & Countryside Fire Protection District. Total liabilities decreased accordingly.

The Motor Fuel Tax Fund is comprised 77% of cash and investments, principally held in money market investments. Liquidity in this fund decreased over the previous fiscal year end as a result of scheduled road maintenance as established from previous administrations. 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.)**

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**Overview of the Statement of Activities**

	Fiscal Year	
	2007-2008	2006-2007
Revenues		
Charges for Services	\$ 48,547	\$ 104,362
Capital Grants	55,261	43,142
Income Taxes	77,729	75,279
Sales and Use Taxes	48,272	52,321
Utilities Taxes	32,188	24,091
Investment Earnings	26,952	31,806
Other	24,666	21,358
Total Revenues	<u>313,615</u>	<u>352,359</u>
Expenses		
General Government	131,498	135,303
Planning and Zoning	31,258	2,654
Building	39,070	92,385
Highways and Streets	344,479	278,856
Total Expenses	<u>546,305</u>	<u>509,198</u>
Change in Net Assets	<u>\$ (232,690)</u>	<u>\$ (156,839)</u>

The decrease in fiscal 2007-2008 is primarily due to depreciation expense. See Note 5.

**Capital Assets and Expenditures**

Capital assets decreased in fiscal 2007/2008 by the amount of depreciation expense of \$236,223. 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 2007/2008 fiscal year. There are no plans to issue debt in the 2008/2009 fiscal year.

**Fund Balance**

Fund balances for both General and Motor Fuel Funds increased as a result from natural revenue growth from shared State income tax monies and gasoline sales taxes.

## **VILLAGE OF LILY LAKE, ILLINOIS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont.)**

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#### **General Fund Budgetary Highlights**

A "Sunset Views" park committee has been formed to manage the design and bidding process of a park site located at East Sunset Views Drive at Empire Road. Developer's donations of +/- \$100,000 are available for the park.

Construction permit revenue has slowed as has engineering expenses as both reflect the slowdown in new construction. Major new sales tax revenue is not projected in the 2009 budget year.

#### **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.

#### **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, 2008

## ASSETS

Cash and Cash Equivalents	\$ 682,427
Receivables	
Due from Other Governments	78,736
Prepaid Items	47,663
Capital Assets Not Being Depreciated	279,887
Capital Assets Being Depreciated	<u>1,344,759</u>
Total Assets	<u>2,433,472</u>

## LIABILITIES

Accounts Payable	61,846
Deposits	13,183
Due to Other Governments	<u>6,174</u>
Total Liabilities	<u>81,203</u>

## NET ASSETS

Invested in Capital Assets	1,624,646
Restricted For	
Park Development	177,540
Highways and Streets	58,670
Unrestricted	<u>491,413</u>
	<u>\$ 2,352,269</u>

See accompanying Notes to the Financial Statements.

# VILLAGE OF LILY LAKE, ILLINOIS

Statement of Activities  
For the Year Ended April 30, 2008

		Program Revenues		Net Revenue (Expense) and Changes in Net Assets
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 131,498	2,000		(129,498)
Planning and Zoning	31,258			(31,258)
Building	39,070	46,547		7,477
Highways and Streets	344,479		55,261	(289,218)
Total Governmental Activities	<u>\$ 546,305</u>	<u>48,547</u>	<u>55,261</u>	<u>(442,497)</u>
General Revenues				
Taxes				
Income Taxes				77,729
Sales and Use Taxes				48,272
Utilities Taxes				32,188
Investment Earnings				26,952
Other General Revenues				24,666
Total General Revenues				<u>209,807</u>
Change in Net Assets				(232,690)
Net Assets, Beginning				<u>2,584,959</u>
Net Assets, Ending				<u>2,352,269</u>

See accompanying Notes to the Financial Statements.

# VILLAGE OF LILY LAKE, ILLINOIS

## Governmental Funds

Balance Sheet  
April 30, 2008

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 635,699	46,728	682,427
Receivables			
Due from Other Governments	78,516	220	78,736
Due from General Fund		11,722	11,722
Prepaid Expenditures	47,663		47,663
Total Assets	<u>\$ 761,878</u>	<u>58,670</u>	<u>820,548</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 61,846		61,846
Deposits	13,183		13,183
Due to Special Services Areas	6,174		6,174
Due to Motor Fuel Tax Fund	11,722		11,722
Total Liabilities	<u>92,925</u>	<u>-</u>	<u>92,925</u>
Fund Balances			
Reserved for			
Park Development	177,540		177,540
Highways and Streets		58,670	58,670
Unreserved			
Undesignated, Reported in			
General Fund	491,413		491,413
Total Fund Balances	<u>668,953</u>	<u>58,670</u>	<u>727,623</u>
Total Liabilities and Fund Balances	<u>\$ 761,878</u>	<u>58,670</u>	

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.

1,624,646

2,352,269

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, 2008

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
Revenues			
Income Taxes	\$ 77,729		77,729
Sales Tax	48,272		48,272
Utilities Tax	32,188		32,188
Motor Fuel Tax		23,146	23,146
Intergovernmental	32,115		32,115
Licenses and Permits	48,547		48,547
Interest Income	26,057	895	26,952
Miscellaneous Income	24,666		24,666
Total Revenues	289,574	24,041	313,615
Expenditures			
Administration	105,591		105,591
Planning and Zoning	31,258		31,258
Building	39,070		39,070
Streets	124,137	10,026	134,163
Total Expenditures	300,056	10,026	310,082
Net Change in Fund Balances	(10,482)	14,015	3,533
Fund Balances			
May 1	679,435	44,655	724,090
April 30	\$ 668,953	58,670	727,623

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, 2008

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

Net Change in Fund Balances - Total Governmental Funds	\$ 3,533
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 (\$236,223) exceeded capital additions (\$0) in the current period.	<u>(236,223)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (232,690)</u></u>

See accompanying Notes to the Financial Statements.

## VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements  
April 30, 2008

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### 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.

**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.

## VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements  
April 30, 2008

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### 1. Summary of Significant Accounting Policies (Cont.)

#### 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.

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.

#### 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). There were no interfund borrowings outstanding at April 30, 2008.

#### F. Prepaid Items

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

## VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements  
April 30, 2008

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### 1. Summary of Significant Accounting Policies (Cont.)

#### G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental activities column 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

#### 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 and Special Revenue Fund which is prepared by fund, function and department. All annual appropriations lapse at fiscal year end.

Proposed budgets are prepared by individual officers 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, 2008. The budget amounts included in the financial statements are the final adopted budget. Expenditures may not legally exceed budgeted appropriations at the fund level.

## VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements  
April 30, 2008

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### 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.

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 1.90% at April 30, 2008. The Fund issues a publicly available financial report. That report may be obtained by writing to Office of the State Treasurer, Illinois Funds Administrative Office, 300 W. Jefferson Street, Springfield, Illinois 62702. At April 30, 2008, the Village's balances in this Fund totaled \$627,895. 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 \$54,232 and the bank balances totaled \$61,592. 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, 2008, the Village's bank balance of \$61,592 was insured or collateralized and, therefore, classified at Category 1 credit risk.

### 4. Receivables - Due from Other Governments

The following is a summary of receivables as of April 30, 2008:

State Income Tax	\$ 24,479
Sales and Use Taxes	10,415
Utilities Tax	6,497
Kane County Reimbursement	37,125
Other	220
	<hr/>
	\$ 78,736

## VILLAGE OF LILY LAKE, ILLINOIS

Notes to the Financial Statements  
April 30, 2008

### 5. Capital Assets

Capital asset activity for the year ended April 30, 2008 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
Total Capital Assets Being Depreciated	4,888,999	-	-	4,888,999
Less Accumulated Depreciation for				
Buildings and Improvements	103,628	25,907		129,535
Roads	3,204,389	210,316		3,414,705
Total Accumulated Depreciation	3,308,017	236,223	-	3,544,240
Total Capital Assets Being Depreciated, Net	1,580,982	(236,223)	-	1,344,759
Capital Assets, Net	\$ 1,860,869	(236,223)	-	1,624,646

Depreciation expense of \$25,907 and \$210,316 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 \$177,540 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.

### 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 current year.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## **GOVERNMENTAL FUND TYPES**