

Village of Round Lake Beach, Illinois

Annual Financial Report
Year Ended April 30, 2011

Village of Round Lake Beach, Illinois

Annual Financial Report
Year Ended April 30, 2011

INTRODUCTORY SECTION

Village of Round Lake Beach, Illinois

Annual Financial Report

Year Ended April 30, 2011

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**Village of Round Lake Beach, Illinois
Trustees and Officials**

April 30, 2011

Legislative

Village Board of Trustees

Richard Hill, Village President

Jerry Mattingly

Tom Smith

Judy Armstrong

Larry Mount

Susan Butler

Sylvia Valadez

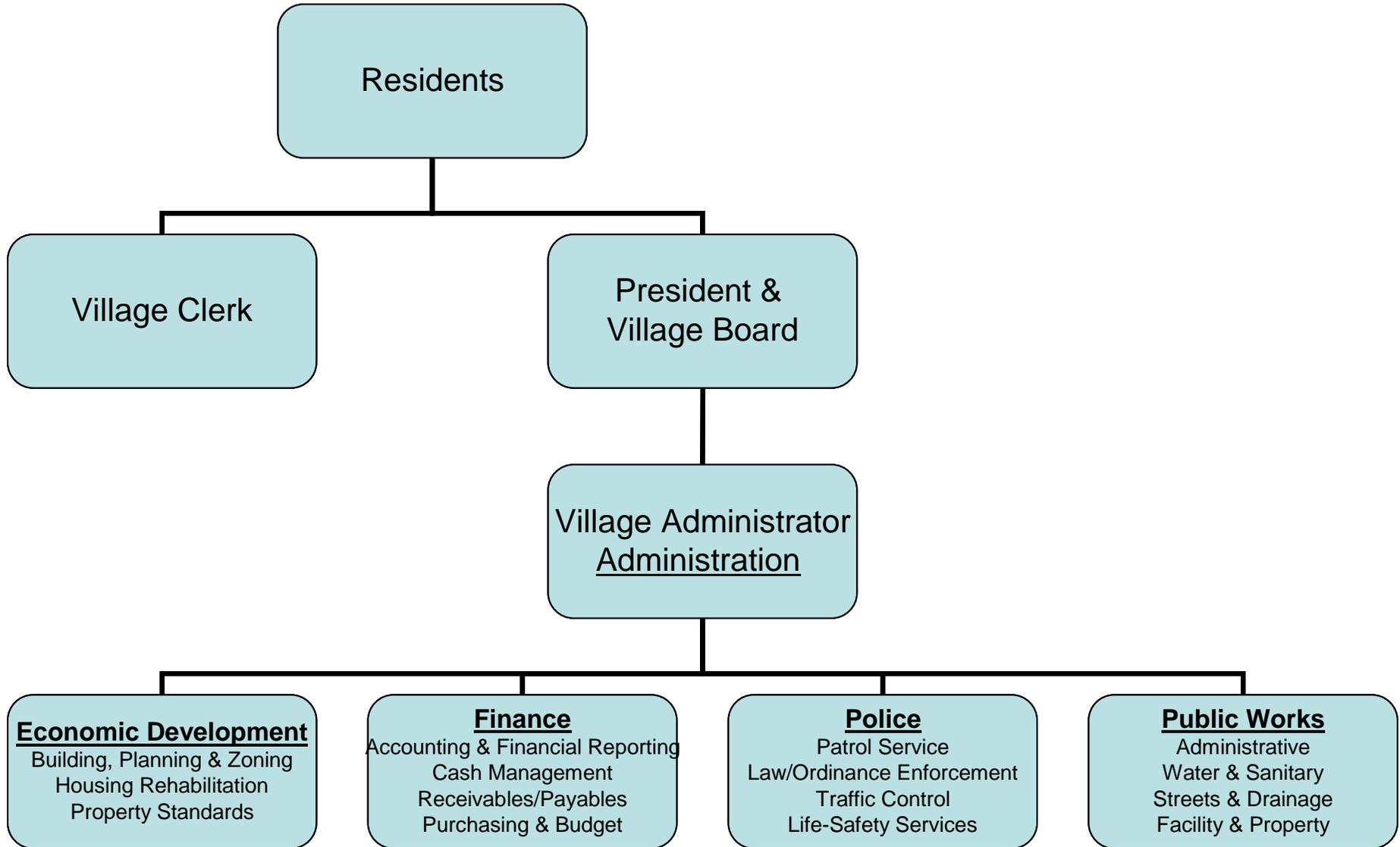
Administration

David Kilbane, Village Administrator

Department of Finance

Brian Gosnell, Finance Director

VILLAGE OF ROUND LAKE BEACH



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

The Honorable Village President
Members of the Board of Trustees
Village of Round Lake Beach, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Round Lake Beach, Illinois (Village), 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 Village of Round Lake Beach, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police Pension Fund, a pension trust fund included as a fiduciary fund type, which represents 88% of total assets and 61% of total revenues of the aggregate remaining fund information of the Village. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the pension trust fund is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Round Lake Beach, Illinois, as of April 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information which includes management's discussion and analysis (pages 3-10), budgetary comparison information (pages 58 and 59) and pension, and other post-employment benefit related information (pages 60-62) and notes to required supplementary information (pages 63-65) is not a required part of the basic financial statements but is 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Round Lake Beach, Illinois. The combining and individual nonmajor fund financial statements and all schedules listed in the table of contents as supplemental data are presented for purposes of additional analysis, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Schaumburg, Illinois
October 26, 2011

**Village of Round Lake Beach, Illinois
Management's Discussion and Analysis
April 30, 2011**

Management of the Village of Round Lake Beach provides this narrative overview of the financial statements and activity for the fiscal year ended April 30, 2011. It is intended to be read in conjunction with the financial statements.

Financial Highlights

- The Village's net assets increased by \$1,739,130 (1.53%) during the fiscal year ended April 30, 2011.
- The governmental activities net assets increased by \$255,694 (0.26%) to \$99,926,742. Business-type activities net assets increased by \$1,483,436 (10.39%) to \$15,760,390.
- The Village reported a combined fund balance of the governmental funds of \$19,831,276, an increase of 1.23% or \$242,632.
- The Village's General Fund reported an increase in fund balance of \$361,225 (6.1%) to \$6,300,911.
- Operations funded by the Village's General Fund cost \$350,302 (-3.5%) less than in Fiscal Year 2010, while General Fund revenues increased by 9.1% or \$861,809 compared to the prior fiscal year.
- The Village's General Fund actual revenues slightly exceeded budgeted amounts by 0.5% and the actual expenditures were under the budgeted amounts by 7.78%.
- The Village's Total Government outstanding debt increased by 4.07% compared to Fiscal Year 2010, due to the issuance of the Series 2010 Recovery Zone Bonds.

Overview of the Financial Statements

The financial statements' focus is on both the Village as a whole government (government-wide) and on the major individual funds. Both perspectives are useful to the reader. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements consolidate all governmental and business-type activities, providing a broad overview of Village finances. The Statement of Net Assets combines and consolidates the Village's financial resources (short-term, spendable resources) with capital assets and long term obligations. The difference between assets and liabilities is reported as "net assets."

The Statement of Activities presents the gross and net cost of various activities, which are supported by the government's general taxes and other resources. This report highlights the cost and amount of subsidy required for some government activities. "Governmental activities" are those functions of the Village that are funded primarily by taxes and intergovernmental revenues, while "business-type activities" are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Village include general government, public safety, community (economic) development, public works and debt service. The Village's water utility is its sole business-type activity. The government-wide financial statements can be found on pages 11 - 13 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 municipalities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Village's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Village of Round Lake Beach, Illinois
Management's Discussion and Analysis (Continued)
April 30, 2011**

Governmental funds. Governmental funds are used to account for primarily the same functions reported as "governmental activities" in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The focus of the governmental funds is narrower than that of the government-wide financial statements. For this reason, a reconciliation is provided, which helps to explain the long-term impact of the government's short-term financing decisions.

The Village maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the TIF#2 Special Revenue Fund, the TIF#1 Debt Service and Capital Projects Funds, the G.O. Bond Debt Service Fund and the Bond Capital Projects Fund. Four other funds are summarized under the heading, "Nonmajor Funds." Individual fund data for these funds is provided in the combining statements and schedules on pages 14 – 19 and 66 - 87.

The Village adopts an annual appropriated budget for its governmental funds. Budgetary comparisons have been provided to demonstrate compliance with the budget.

Proprietary funds. The Village has only one proprietary fund, the Waterworks and Sewerage Fund. The revenues and cost of the services are reported in this section. In proprietary funds, the goal is to match the fee charged to the customers to the full cost of providing the service, including non-cash costs such as depreciation of capital assets. This fund is presented on pages 20 - 23.

Fiduciary funds. The Village is the fiduciary for the Police Pension Fund. These activities are excluded from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes, but has no direct management of the money in this fund. The Police Pension Fund activities are reported in separate reports, the Statement of Fiduciary Plan Net Assets and the Statement of Changes in Fiduciary Plan Net Assets, on pages 24 - 25.

Notes to the financial statements. The notes provide additional information that is essential for 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 26 - 57.

Government-wide Statements

Over time, net assets may serve as a useful indicator of a government's financial position. The Village's assets exceeded liabilities by \$115,687,132 at the end of the most recent fiscal year.

Nearly eighty-five percent of total net assets is invested in capital assets, net of related debt, while 11.1% is restricted in its use by external sources. The remaining 4.04% is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

Village of Round Lake Beach, Illinois
Management's Discussion and Analysis (Continued)
April 30, 2011

The following table reflects the condensed Statement of Net Assets, comparing April 30, 2011, to April 30, 2010.

Village of Round Lake Beach – Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$ 27,347,223	\$ 28,996,820	\$ 5,319,404	\$ 6,344,691	\$ 32,666,627	\$ 35,341,511
Capital Assets	107,373,877	106,052,554	14,728,100	11,851,403	122,101,977	117,903,957
Total Assets	134,721,100	135,049,374	20,047,504	18,196,094	154,768,604	153,245,468
Liabilities						
Current Liabilities	8,456,129	10,151,667	1,913,726	1,593,718	10,369,855	11,745,385
Non-current Liabilities	26,338,229	25,226,659	2,373,388	2,325,422	28,711,617	27,552,081
Total Liabilities	34,794,358	35,378,326	4,287,114	3,919,140	39,081,472	39,297,466
Net Assets						
Invested in Capital Assets, Net of Related Debt	85,534,457	84,449,620	12,675,333	9,682,487	98,209,790	94,132,107
Restricted	12,818,895	12,955,413	-	-	12,818,895	12,955,413
Unrestricted	1,573,390	2,266,015	3,085,057	4,594,467	4,658,447	6,860,482
Total Net Assets	\$ 99,926,742	\$ 99,671,048	\$ 15,760,390	\$ 14,276,954	\$ 115,687,132	\$ 113,948,002

**Village of Round Lake Beach, Illinois
Management's Discussion and Analysis (Continued)
April 30, 2011**

The following table shows the revenues and expenses of the Village's activities, broken out by type, comparing Fiscal Year 2011 to Fiscal Year 2010.

Village of Round Lake Beach
Changes in Net Assets for the Fiscal Years ended April 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Service	\$ 1,427,593	\$ 1,289,426	\$ 5,932,084	\$ 5,655,864	\$ 7,359,677	\$ 6,945,290
Operating Grants	874,803	738,145	-	-	874,803	738,145
Capital Grants/Contributions	510,090	-	218,313	85,000	728,403	85,000
Taxes						
Property Taxes	6,910,485	6,835,234	-	-	6,910,485	6,835,234
Sales Taxes	5,361,144	5,359,407	-	-	5,361,144	5,359,407
Other Revenue	4,491,073	4,287,652	30,234	60,286	4,521,307	4,347,938
Total Revenues	19,575,188	18,509,864	6,180,631	5,801,150	25,755,819	24,311,014
Expenses						
General government	1,844,261	1,812,087	-	-	1,844,261	1,812,087
Public safety	6,375,249	6,021,289	-	-	6,375,249	6,021,289
Economic development	2,880,881	2,915,310	-	-	2,880,881	2,915,310
Public works	5,242,247	4,165,802	-	-	5,242,247	4,165,802
Debt Service	1,215,969	1,340,102	-	-	1,215,969	1,340,102
Water	-	-	6,458,082	6,609,712	6,458,082	6,609,712
Total Expenses	17,558,607	16,254,590	6,458,082	6,609,712	24,016,689	22,864,302
Transfers	(1,760,887)	-	1,760,887	-	-	-
Excess (Deficiency)	255,694	2,255,274	1,483,436	(808,562)	1,739,130	1,446,712
Net Assets						
Beginning of Year	99,671,048	97,415,774	14,276,954	15,085,516	113,948,002	112,501,290
Total Net Assets - End of Year	\$ 99,926,742	\$ 99,671,048	\$ 15,760,390	\$ 14,276,954	\$ 115,687,132	\$ 113,948,002

In the governmental activities, total revenues increased by \$1,065,324 (5.8%) compared to Fiscal Year 2010. The most significant increase was in the "Capital grants/contributions" category, which increased by \$510,090. Sales tax, including the municipal share of the state income tax along with the home rules sales tax, increased by a very slight amount (\$1,737 or .03%). Charges for service and operating grants increased 10.7% and 18.5%, respectively, while property tax revenue increased only 1.1%. The "Other Revenue" category increased 4.7%. "Other Revenue" includes income tax, utility taxes, amusement tax, use tax, and investment income, along with other miscellaneous income.

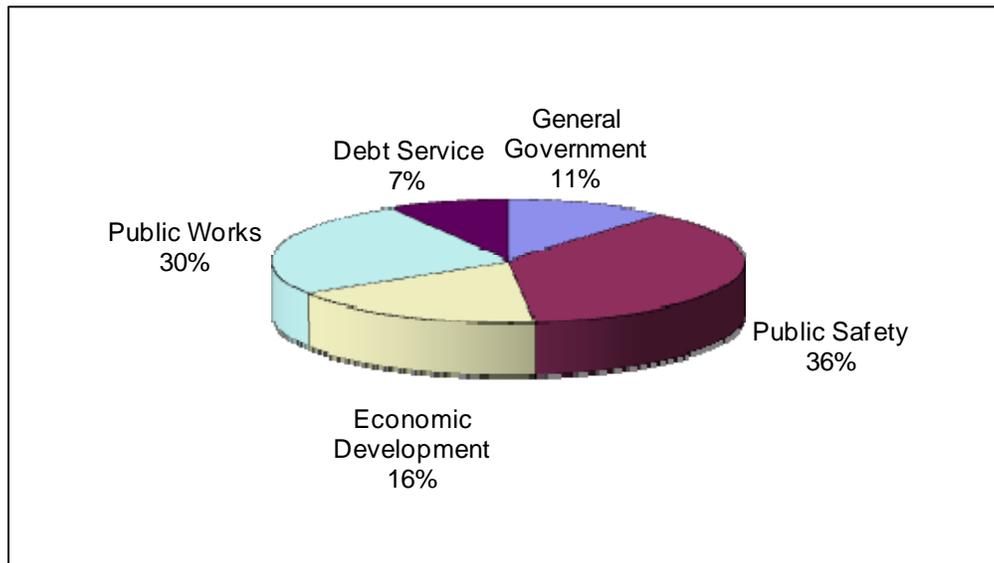
Governmental activities included a \$1.7 million transfer to business type activities due to the completion of water and sewer related TIF projects that were transferred to the water and sewer fund.

Governmental activity expenses increased by \$1,304,017 compared to Fiscal Year 2010, or 8.0%. A significant increase in the Public Works category of 25.8% was partially offset by decreases in the Economic Development and Debt Service categories of 1.2% and 9.3%, respectively.

**Village of Round Lake Beach, Illinois
Management's Discussion and Analysis (Continued)
April 30, 2011**

The breakdown of expenses by type in the Governmental funds is shown in the chart below.

Village of Round Lake Beach
Percentage of Governmental Activity Expenses by Function



For business-type activities (the Water and Sewer Fund), revenues increased 6.5% while expenditures decreased 2.3% compared with Fiscal Year 2010. The revenue increase is due to increases in charges for services and grant revenue, which increased by 4.9% and 156.8%, respectively.

Business-type activities received a transfer of \$1.7 million from governmental activities due to the completion of water and sewer related TIF projects that were transferred to the water and sewer fund.

The detailed revenues and expenditures compared to their budgeted amounts can be found in the Supplementary Information section on pages 66 - 87.

Financial Analysis of the Village's Funds

Governmental Funds. The focus of the Village's governmental funds statements on pages 14 - 19 is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as the useful measure of a government's net resources available for spending at the end of the fiscal year. At April 30, 2011, the governmental funds reported a combined fund balance of \$19,831,276, which is a 1.24% increase over Fiscal Year 2010. The biggest increases in fund balance occurred in the Bond Capital Projects Fund, which increased by 44.0%, and the GO Bond Debt Service Fund which increased 8.64%. The Series 2010 bond proceeds caused the significant increase in the Bond Capital Projects Fund and GO Debt Service Fund.

Of the total fund balance, \$5,827,579 is unreserved, meaning that it is available for ongoing Village services. The unreserved fund balance increased by \$262,089 (4.7%) over Fiscal Year 2010. Of the remaining fund balance, \$4,348,572 is reserved for capital projects and street improvements; \$6,438,931 is reserved for economic development; \$2,788,586 is reserved for debt service; \$123,693 is reserved for advances and prepaid expenses; and \$303,915 is reserved for property held for resale.

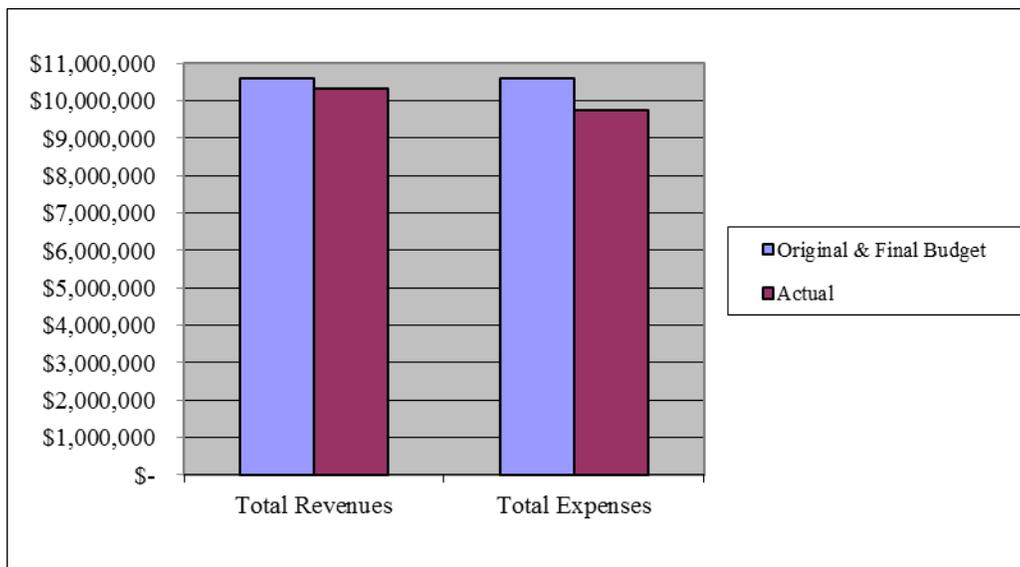
**Village of Round Lake Beach, Illinois
Management's Discussion and Analysis (Continued)
April 30, 2011**

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund fund balance increased by \$361,225 or 6.08% following the first decline of \$653,346 in over six years in 2010.

General Fund Budgetary Highlights

The chart below shows how the Fiscal Year 2011 actual revenues and expenses compared to the approved budget.

Village of Round Lake Beach
General Fund
Actual Revenues and Expenditures vs. Budget



The General Fund actual revenues slightly exceeded the original budgeted revenues by \$52,335 for Fiscal Year 2011. Revenue sources that were significantly greater than budgeted amounts include home rules sales tax (\$106,193 over the budget) income tax (\$146,151 over the budget) and police fines (\$84,387 over the budget). Revenue sources that fell significantly short of the budgeted amounts were sales tax (\$423,618 or 13.52% short of budget) and telecommunications tax (\$86,672 or 19.79% short of budget). In addition, the Village budgeted for housing acquisition and rehabilitation activity (sale of property and use of loan proceeds) which did not materialize during the fiscal year, resulting in a \$316,870 revenue (other financing sources) shortfall.

The General Fund's total actual expenditures were \$823,300 under the General Fund budgeted amount of \$10,582,476. The Police Department came in \$62,361 under budget. In addition, the Village was able to purchase homes at a very low purchase price and did not have as much rehab activity as planned. This resulted in \$200,000 in unspent budget in the Economic Development category. Unanticipated costs in other categories offset some of these savings.

Capital Assets

Capital assets include land, land improvements, buildings, infrastructure, equipment and construction in process. The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2011, amounts to \$122,101,977 (Note 4). This is a \$4,198,020 (3.56%) increase over Fiscal Year 2010.

**Village of Round Lake Beach, Illinois
Management's Discussion and Analysis (Continued)
April 30, 2011**

Village of Round Lake Beach
Summary of Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
Land	\$ 38,461,425	\$ 4,734,151	\$ 79,258	\$ 79,258	\$ 4,813,409	\$ 4,663,505
Buildings	9,614,348	9,910,525	293,635	306,691	10,217,216	10,290,471
Wells and pumping stations	-	-	1,015,954	443,798	443,798	497,368
Sewer and water system	-	-	11,755,307	10,245,480	10,245,480	10,645,919
Infrastructure	51,732,738	80,716,198	-	-	80,716,198	81,739,879
Equipment, furniture, vehicles	976,904	1,020,937	238,444	195,883	1,216,820	1,316,079
Land improvements	6,131,610	6,363,895	-	-	6,363,895	3,407,264
Construction in progress	456,852	3,306,848	1,345,502	580,293	3,887,141	3,255,793
Net Capital Assets	\$ 107,373,877	\$ 106,052,554	\$ 14,728,100	\$ 11,851,403	\$ 122,101,977	\$ 117,903,957

Debt Outstanding

The Village had a total of \$28,711,617 in debt outstanding as of April 30, 2011. This is a \$1,159,536 (4.14%) increase over last year. The Series 2010 General Obligation Bond was the reason for the increase.

Under the 1970 Illinois Constitution, there is no legal debt limit for home rule municipalities except as set by the General Assembly. If the Village were subject to such a limitation, outstanding indebtedness could not exceed 8.625% of equalized assessed valuation. Currently, the Village's direct bonded debt of \$19,900,000 represents 4.48% of the Village's equalized assessed valuation of \$443,957,354.

The breakdown of the debt is shown in the chart below.

Village of Round Lake Beach
Debt Outstanding as of April 30, 2011 and April 30, 2010

	Governmental Activities		Business-type Activities		Total Government	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 19,900,000	\$ 17,915,000	\$ -	\$ -	\$ 19,900,000	\$ 15,275,000
TIF Revenue Bonds	1,545,000	2,490,000	-	-	1,545,000	3,375,000
Incremental sales tax revenue notes payable	3,547,274	3,842,013	-	-	3,547,274	4,149,435
Unamortized premium on debt issuance	19,841	-	-	-	19,841	-
Leases payable	292,459	291,912	-	-	292,459	199,881
Compensated absences	276,337	290,436	65,231	75,815	341,568	345,656
Net pension obligations	56,151	79,281	14,716	-	70,867	296,714
Net other postemployment obligation benefits	435,938	318,017	123,515	80,691	559,453	193,343
Illinois EPA loan payable	-	-	2,052,767	2,168,916	2,052,767	2,282,214
Claims and judgments	265,229	-	117,159	-	382,388	-
Total Outstanding Debt	\$ 26,338,229	\$ 25,226,659	\$ 2,373,388	\$ 2,325,422	\$ 28,711,617	\$ 27,552,081

**Village of Round Lake Beach, Illinois
Management's Discussion and Analysis (Continued)
April 30, 2011**

Additional information regarding the Village's outstanding debt is available in Note 9.

Economic Factors and Next Year's Budget

The Village has experienced declining revenues as a result of national economic conditions in the previous 2 fiscal years. Major revenue streams such as sales tax have seen small increases year to year which is expected to continue, but at a slow pace. The impact of decreased assessed valuations on property has continued. The Village has benefitted from the expiration of a major TIF district which helped to mitigate the decline. Operating departments continue to search for streamlining of service delivery and operational efficiencies.

The balanced budget for Fiscal Year 2012 includes a total in all funds of \$33,781,973 in revenues and expenses. This is a 17.48% decrease over the Fiscal Year 2011 budget, primarily due to a 25.52% decrease in Capital Project Funds, funded through reserves (fund balance), grant monies, and bond proceeds. Despite the difficult economy, the Village is committed to moving forward with planned and necessary capital improvements. Nearly \$10.3 million will be invested in capital projects, including lift station and well upgrades, water main and street improvements and reconstruction, and sidewalks.

Requests for Information

This financial report is designed to provide the Village's residents, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability. Questions concerning this report or requests for additional financial information should be directed to the Finance Director, Village of Round Lake Beach, 1937 N. Municipal Way, Round Lake Beach, IL 60073. The Village's annual financial reports and annual budget documents are available on the Village website under the "Finance Department" link at www.villageofroundlakebeach.com.

BASIC FINANCIAL STATEMENTS

Village of Round Lake Beach, Illinois

Statement of Net Assets

April 30, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 19,101,662	\$ 3,739,629	\$ 22,841,291
Receivables			
Property taxes	4,691,869	-	4,691,869
Accounts	-	1,521,226	1,521,226
Other	448,761	51,565	500,326
Prepaid items	30,869	6,984	37,853
Due from other governments	2,299,395	-	2,299,395
Property held for resale	303,915	-	303,915
Net deferred bond issuance costs	470,752	-	470,752
Capital assets			
Capital assets not being depreciated	38,918,277	1,424,760	40,343,037
Capital assets (net of accumulated depreciation)	68,455,600	13,303,340	81,758,940
Total assets	134,721,100	20,047,504	154,768,604
Liabilities			
Accounts payable	1,342,194	572,942	1,915,136
Sewer fees payable to Lake County	-	411,517	411,517
Accrued payroll	193,599	39,350	232,949
Accrued interest payable	1,880,361	-	1,880,361
Other payables and accrued liabilities	111,260	92,976	204,236
Line of credit payable	236,846	-	236,846
Refundable deposits	-	736,941	736,941
Unearned revenue	4,691,869	60,000	4,751,869
Long-term obligations			
Due within one year	2,458,173	190,734	2,648,907
Due in more than one year	23,880,056	2,182,654	26,062,710
Total liabilities	34,794,358	4,287,114	39,081,472
Net Assets			
Invested in capital assets, net of related debt	85,534,457	12,675,333	98,209,790
Restricted	12,818,895	-	12,818,895
Unrestricted	1,573,390	3,085,057	4,658,447
Total net assets	\$ 99,926,742	\$ 15,760,390	\$ 115,687,132

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Activities
Year Ended April 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,844,261	\$ 655,117	\$ 8,200	\$ -
Public safety	6,375,249	634,073	-	-
Economic development	2,880,881	111,494	-	-
Public works	5,242,247	26,909	866,603	510,090
Interest	1,215,969	-	-	-
Total governmental activities	17,558,607	1,427,593	874,803	510,090
Business-type activities				
Water and sewer	6,458,082	5,932,084	-	218,313
Total	\$ 24,016,689	\$ 7,359,677	\$ 874,803	\$ 728,403

General revenues and transfers

- Taxes
 - Property
 - Local sales tax
 - Telecommunications
 - Utility
 - Amusement
- Intergovernmental
 - Income tax
 - Sales tax
 - Use tax
 - Personal property replacement tax
- Investment income
- Miscellaneous
- Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

See Notes to Financial Statements.

Net (Expense), Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,180,944)	\$ -	\$ (1,180,944)
(5,741,176)	-	(5,741,176)
(2,769,387)	-	(2,769,387)
(3,838,645)	-	(3,838,645)
(1,215,969)	-	(1,215,969)
<u>(14,746,121)</u>	<u>-</u>	<u>(14,746,121)</u>
-	(307,685)	(307,685)
<u>(14,746,121)</u>	<u>(307,685)</u>	<u>(15,053,806)</u>
6,910,485	-	6,910,485
1,156,365	-	1,156,365
742,334	-	742,334
865,983	-	865,983
316,079	-	316,079
2,001,151	-	2,001,151
4,204,779	-	4,204,779
405,459	-	405,459
15,606	-	15,606
77,975	15,483	93,458
66,486	14,751	81,237
(1,760,887)	1,760,887	-
<u>15,001,815</u>	<u>1,791,121</u>	<u>16,792,936</u>
255,694	1,483,436	1,739,130
<u>99,671,048</u>	<u>14,276,954</u>	<u>113,948,002</u>
<u>\$ 99,926,742</u>	<u>\$ 15,760,390</u>	<u>\$ 115,687,132</u>

Village of Round Lake Beach, Illinois

Balance Sheet - Governmental Funds

April 30, 2011

	General Fund	TIF #2 Special Revenue Fund	TIF #1 Debt Service Fund	G.O. Bond Debt Service Fund
Assets				
Cash and investments	\$ 4,789,697	\$ 589	\$ 1,929,677	\$ 2,654,010
Receivables				
Property taxes	2,436,496	2,162,098	-	-
Other	392,834	-	20,007	28,909
Due from other governments	1,913,407	-	224,252	105,667
Advances to other funds	92,824	-	-	-
Prepaid items	30,869	-	-	-
Property held for resale	303,915	-	-	-
Total assets	\$ 9,960,042	\$ 2,162,687	\$ 2,173,936	\$ 2,788,586
Liabilities				
Accounts payable	\$ 267,615	\$ -	\$ 340	\$ -
Accrued payroll	192,242	-	-	-
Advances from other funds	-	-	-	-
Claims payable	2,600	-	-	-
Deposits payable	53,904	-	-	-
Retention payable	-	-	-	-
Unearned revenue	2,905,924	2,162,098	-	-
Line of credit payable	236,846	-	-	-
Total liabilities	3,659,131	2,162,098	340	-
Fund Balances				
Reserved for				
Capital projects	-	-	-	-
Streets and highways	-	-	-	-
Economic development	-	589	2,173,596	-
Debt service	-	-	-	2,788,586
Advances	92,824	-	-	-
Prepaid items	30,869	-	-	-
Property held for resale	303,915	-	-	-
Unreserved - General fund	5,873,303	-	-	-
Unreserved - Special Revenue funds	-	-	-	-
Total fund balances	6,300,911	589	2,173,596	2,788,586
Total liabilities and fund balances	\$ 9,960,042	\$ 2,162,687	\$ 2,173,936	\$ 2,788,586

See Notes to Financial Statements.

TIF #1 Capital Projects Fund	Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,472,769	\$ 3,622,883	\$ 1,632,037	\$ 19,101,662
-	-	93,275	4,691,869
-	-	7,011	448,761
-	-	56,069	2,299,395
-	-	-	92,824
-	-	-	30,869
-	-	-	303,915
<u>\$ 4,472,769</u>	<u>\$ 3,622,883</u>	<u>\$ 1,788,392</u>	<u>\$ 26,969,295</u>
\$ 460,363	\$ 115,353	\$ 495,923	\$ 1,339,594
-	-	1,357	193,599
-	-	92,824	92,824
-	-	-	2,600
-	-	1,999	55,903
7,085	42,354	5,917	55,356
-	-	93,275	5,161,297
-	-	-	236,846
<u>467,448</u>	<u>157,707</u>	<u>691,295</u>	<u>7,138,019</u>
-	3,465,176	757,172	4,222,348
-	-	126,224	126,224
4,005,321	-	259,425	6,438,931
-	-	-	2,788,586
-	-	-	92,824
-	-	-	30,869
-	-	-	303,915
-	-	-	5,873,303
-	-	(45,724)	(45,724)
<u>4,005,321</u>	<u>3,465,176</u>	<u>1,097,097</u>	<u>19,831,276</u>
<u>\$ 4,472,769</u>	<u>\$ 3,622,883</u>	<u>\$ 1,788,392</u>	<u>\$ 26,969,295</u>

Village of Round Lake Beach, Illinois

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**

April 30, 2011

Total fund balances-governmental funds	\$ 19,831,276
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds	469,427
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	107,373,877
Some assets and liabilities reported in the Statement of Net Assets do not provide current financial resources or require the use of current financial resources and, therefore, are not reported as assets or liabilities in governmental funds. These amounts consist of:	
Net deferred bond issuance costs	470,752
Unamortized premium	(19,841)
General obligation bonds payable	(19,900,000)
TIF revenue bonds	(1,545,000)
Incremental sales tax revenue notes payable	(3,547,274)
Leases payable	(292,459)
Compensated absences	(276,337)
Net other postemployment benefits obligation	(435,938)
Net pension obligation	(29,989)
Net IMRF obligation	(26,162)
Claims and judgements	(265,229)
Accrued interest payable	(1,880,361)
	<hr/>
Net assets of governmental activities	<u>\$ 99,926,742</u>

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

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

	General Fund	TIF #2 Special Revenue Fund	TIF #1 Debt Service Fund	G.O. Bond Debt Service Fund
Revenues				
Taxes	\$ 3,938,273	\$ 2,218,673	\$ 2,012,840	\$ 1,417,000
Intergovernmental	5,105,280	-	1,449,391	24,496
Licenses and permits	488,567	-	-	-
Fines	564,962	-	-	-
Interest	17,306	1,690	42,130	2,693
Charges for services	116,406	-	-	-
Rental income	44,481	-	-	-
Miscellaneous	42,666	-	-	-
Total revenues	10,317,941	2,220,363	3,504,361	1,444,189
Expenditures				
Current				
General government	1,139,752	-	-	-
Public safety	6,035,496	-	-	-
Economic development	638,782	2,220,487	-	-
Public works	1,550,314	-	-	-
Debt service				
Principal	282,181	-	945,000	1,015,000
Interest and fiscal services	56,576	-	119,270	755,775
Bond issue costs	56,075	-	-	-
Capital outlay	-	-	-	-
Total expenditures	9,759,176	2,220,487	1,064,270	1,770,775
Excess (deficiency) of revenues over expenditures	558,765	(124)	2,440,091	(326,586)
Other financing sources (uses)				
Transfers in	-	-	-	548,396
Transfers out	(197,540)	-	(2,575,443)	-
Proceeds from capital leases	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Bond premium	-	-	-	-
Total other financing sources (uses)	(197,540)	-	(2,575,443)	548,396
Net change in fund balances	361,225	(124)	(135,352)	221,810
Fund balances - beginning	5,939,686	713	2,308,948	2,566,776
Fund balances - ending	\$ 6,300,911	\$ 589	\$ 2,173,596	\$ 2,788,586

See Notes to Financial Statements.

TIF #1 Capital Projects Fund	Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 406,324	\$ 9,993,110
-	-	888,413	7,467,580
-	-	-	488,567
-	-	-	564,962
6,175	5,707	2,274	77,975
-	-	79,559	195,965
-	-	79,403	123,884
-	5,000	76,019	123,685
<u>6,175</u>	<u>10,707</u>	<u>1,531,992</u>	<u>19,035,728</u>
-	-	129,600	1,269,352
-	-	-	6,035,496
4,563	-	-	2,863,832
-	-	-	1,550,314
-	-	169,940	2,412,121
-	-	7,857	939,478
-	60,000	-	116,075
<u>3,109,909</u>	<u>1,911,211</u>	<u>1,776,355</u>	<u>6,797,475</u>
<u>3,114,472</u>	<u>1,971,211</u>	<u>2,083,752</u>	<u>21,984,143</u>
<u>(3,108,297)</u>	<u>(1,960,504)</u>	<u>(551,760)</u>	<u>(2,948,415)</u>
2,575,443	-	-	3,123,839
-	-	(350,856)	(3,123,839)
-	-	170,487	170,487
-	3,000,000	-	3,000,000
-	20,560	-	20,560
<u>2,575,443</u>	<u>3,020,560</u>	<u>(180,369)</u>	<u>3,191,047</u>
(532,854)	1,060,056	(732,129)	242,632
<u>4,538,175</u>	<u>2,405,120</u>	<u>1,829,226</u>	<u>19,588,644</u>
<u>\$ 4,005,321</u>	<u>\$ 3,465,176</u>	<u>\$ 1,097,097</u>	<u>\$ 19,831,276</u>

Village of Round Lake Beach, Illinois

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended April 30, 2011**

Net change in fund balances-total governmental funds	\$ 242,632
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report purchases of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital expenditures	\$ 4,963,394
Depreciation	(1,877,477)
Proceeds on sale of capital assets	(50,127)
Gain on disposal in current period	46,420
Depreciation in excess of capital expenditures	<u>3,082,210</u>
The repayment of the principal of long-term debt and capital leases consumes the current financial resources of governmental funds. These transactions, however, have no effect on net assets.	
	2,424,679
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
	33,077
The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets.	
	(3,170,487)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These amounts consist of:	
Change in deferred issuance costs	201
Change in bond premium	(19,841)
Net increase in compensated absences	14,099
Net decrease in pension obligation	49,292
Net increase in other postemployment benefits	(117,921)
Net increase in IMRF obligations	(26,162)
Net increase in claims and judgements	(265,229)
Transfer of capital assets to enterprise fund	(1,760,887)
Increase in accrued interest on debt	<u>(229,969)</u>
Change in net assets of governmental activities	<u>\$ 255,694</u>

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Net Assets - Proprietary Fund - Waterworks and Sewerage Fund

April 30, 2011

Assets	
Current	
Cash and cash equivalents	\$ 3,739,629
Receivables	
Accounts - billed	283,388
Accounts - unbilled	1,231,967
Interest	5,871
Other	51,565
Prepaid items	6,984
Total current assets	<u>5,319,404</u>
Noncurrent assets	
Land	79,258
Construction in progress	1,345,502
Wells and pumping stations	1,015,954
Sewer and water system	11,755,307
Buildings	293,635
Other equipment	238,444
Total noncurrent assets	<u>14,728,100</u>
Total assets	<u>20,047,504</u>
Liabilities	
Current	
Accounts payable	572,942
Sewer fees payable to Lake County	411,517
Accrued payroll	39,350
Claims payable	6,433
Unearned revenue	60,000
Compensated absences payable	65,231
Refundable deposits	736,941
Retention payable	92,976
Current portion of loan payable	119,070
Total current liabilities	<u>2,104,460</u>
Noncurrent	
Loan payable	1,933,697
Claims and judgements	110,726
Other postemployment obligation	123,515
IMRF pension obligation	14,716
Total noncurrent liabilities	<u>2,182,654</u>
Total liabilities	<u>4,287,114</u>
Net Assets	
Invested in capital assets, net of related debt	12,675,333
Unrestricted	3,085,057
Total net assets	<u>\$ 15,760,390</u>

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund
- Waterworks and Sewerage Fund
Year Ended April 30, 2011

Operating revenues	
Charges for services	\$ 5,884,327
Tap on fees	47,757
Total operating revenues	<u>5,932,084</u>
Operating expenses excluding depreciation	
Administration	891,074
Operations	4,962,888
Total operating expenses excluding depreciation	<u>5,853,962</u>
Operating income before depreciation	78,122
Depreciation	<u>550,619</u>
Operating loss	<u>(472,497)</u>
Nonoperating revenues (expenses)	
Interest income	15,483
Interest expense	(53,501)
Grant revenue	218,313
Miscellaneous revenue	14,751
Total nonoperating revenues (expenses)	<u>195,046</u>
Income (loss) before contributions	(277,451)
Capital contributions	<u>1,760,887</u>
Change in net assets	1,483,436
Net assets - beginning	<u>14,276,954</u>
Net assets - ending	<u>\$ 15,760,390</u>

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Cash Flows – Proprietary Fund

Waterworks and Sewerage Fund

Year Ended April 30, 2011

Cash flows from operating activities	
Receipts from customers and users	\$ 5,857,590
Payments to suppliers	(4,435,904)
Payments to employees	(935,855)
Net cash flows from operating activities	<u>485,831</u>
Cash flows from capital and related financing activities	
Capital assets purchased	(1,666,429)
Capital grants	218,313
Repayments on loan payable	(116,149)
Interest paid on capital debt	(53,501)
Net cash flows from capital and related financing activities	<u>(1,617,766)</u>
Cash flows from investing activities	
Interest on investments	<u>15,010</u>
Net decrease in cash and equivalents	(1,116,925)
Cash and equivalents - beginning	<u>4,856,554</u>
Cash and equivalents - ending	<u>\$ 3,739,629</u>

(Continued)

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Cash Flows – Proprietary Fund - Continued

Waterworks and Sewerage Fund

Year Ended April 30, 2011

Reconciliation of operating loss to net cash
flows from operating activities

Operating loss	<u>\$ (472,497)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation	550,619
Miscellaneous revenue	14,751
Changes in assets and liabilities	
Accounts receivable and other receivables	(89,245)
Prepaid items	(1,920)
Accounts payable	265,933
Sewer fees payable to Lake County	8,385
Claims payable	117,159
Refundable deposits	2,287
Retention payable	48,898
Accrued payroll	9,221
Compensated absences payable	(10,584)
Other postemployment obligation payable	42,824
Total adjustments	<u>958,328</u>
Net cash flows from operating activities	<u><u>\$ 485,831</u></u>

Noncash capital and related financing activities:

The Waterworks and Sewerage fund received a capital contribution of \$1,760,887 from governmental activities.

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Fiduciary Net Assets - Police Pension Fund
April 30, 2011

Assets

Cash and cash equivalents	\$ 897,982
Interest receivable	240
Prepaid insurance	-
	<u>898,222</u>
Investments, at fair value	
U.S. government obligations	62,310
Mutual funds - debt	6,525,817
Mutual funds - equity	5,450,414
	<u>12,038,541</u>
Total assets	12,936,763

Liabilities

Accrued expenses	<u>6,347</u>
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Net Assets

Held in trust for pension benefits	<u>\$ 12,930,416</u>
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See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Changes in Fiduciary Net Assets - Police Pension Fund
Year Ended April 30, 2011

Additions	
Contributions	
Employer	\$ 890,599
Employee	298,430
	<u>1,189,029</u>
Investment income	
Net appreciation in fair value of investments	756,204
Interest income	425,332
Less investment expenses	(26,446)
	<u>1,155,090</u>
Total additions	<u>2,344,119</u>
Deductions	
Administration	41,620
Pension benefits and refunds	736,335
Total deductions	<u>777,955</u>
Change in net assets	1,566,164
Net assets - beginning	<u>11,364,252</u>
Net assets - ending	<u>\$ 12,930,416</u>

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The Village of Round Lake Beach, Illinois (the Village), was incorporated in 1937 and is located in the northeast part of the state of Illinois in Lake County. The Village operates under a trustee form of government as a home rule community (as defined by the State of Illinois Constitution) and provides the following services as authorized by its charter: public safety (police), highway and street maintenance, water and sewer utility, public improvements, planning and zoning, culture, recreation, and other general administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

(a) Reporting Entity

The Village is a municipal corporation governed by an elected president and six-member board. As required by GAAP, these financial statements present the Village (the primary government). In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made based upon the significance of its operational or financial relationships with the primary government. Based upon the application of these criteria, there are no material component units to be included in the Village's reporting entity.

Joint Ventures - The Village participates in four joint ventures, which are reported as nonequity governmental joint ventures and are described in Note 12. The joint ventures are: Central Lake County Joint Action Water Agency (CLCJAWA), CenCom E9-1-1 Joint Emergency Telephone System, CenCom E9-1-1 Public Safety Communications Center, and the Solid Waste Agency of Lake County (SWALCO).

(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 non-fiduciary activities of the Village. For the most part, the effect of interfund activity has been removed 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 Statement of Net Assets presents the Village's non-fiduciary assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources, as they are needed.

Unrestricted net assets consist of net assets that do not meet the criteria of the two preceding categories.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds and fiduciary (agency) funds, even though the latter are excluded from the government-wide financial statements. The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Village has the following major governmental funds- General Fund, TIF #2 Special Revenue Fund, TIF #1 Debt Service Fund, G.O. Bond Debt Service Fund, TIF #1 Capital Projects Fund and the Bond Capital Projects Fund. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The Village has the following major enterprise fund – Waterworks and Sewerage Fund. There are no other enterprise funds.

The Village administers the following major governmental funds:

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

TIF #2 Special Revenue Fund – This fund accounts for the transactions related to the Tax Increment Redevelopment Project Area No. 2 established by Village Ordinances. Property taxes received are returned to the Lake County Collector to be redistributed among the taxing bodies.

TIF #1 Debt Service Fund – This fund accounts for the transactions related to the Tax Increment Redevelopment Project Area No. 1 established by Village Ordinances. The fund accumulates financial resources for the payment of interest and principal on the TIF Revenue Bonds 2003.

G.O. Bond Debt Service Fund – This fund accounts for payments of principal and interest for bonds issued for the construction of major public improvements. The debt service for the 2001, 2004, 2004A, 2006, 2009 and 2010 series bonds is funded in this fund.

TIF #1 Capital Projects Fund – This fund accounts for the revenues and expenses relating to the capital projects within the boundaries of the Tax Increment Redevelopment Project Area No.'s 1 and 2.

Bond Capital Projects Fund – This fund accounts for the revenues and expenses relating to the capital projects financed by the issuance of bonds.

The Village reports the following major proprietary fund:

Waterworks and Sewerage Fund – This fund accounts for the provision of portable water and sanitary sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to: administration, operations, maintenance, financing and related debt service, and billing and collection.

Additionally, the Village reports the following fiduciary fund type:

Police Pension Fund – This fund accounts for the activities of the accumulation of resources to pay pension costs. Resources are contributed by members at rates fixed by state statutes and by the government through an annual employer contribution.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

(c) Measurement Focus, 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include various taxes, State shared revenues and various State, Federal and local grants. On an accrual basis, revenues from taxes are recognized when the Village has a legal claim to the resources. Grants, entitlements, State shared revenues and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

In the Statement of Activities, amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenues include all taxes.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Significant revenue sources which are susceptible to accrual include property taxes, other taxes, grants, charges for services, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, compensated absences are recorded only when payment is due (upon employee retirement or termination). General capital asset acquisitions are reported as expenditures in governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, the Village's proprietary funds consider all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

(d) Cash, Cash Equivalents and Investments (Continued)

Investments consist of certificates of deposit, treasury obligations, insurance contracts and mutual funds. Investments of the Police Pension Fund are carried at fair value. All other investments are reported at cost, which approximates fair value.

(e) Receivables

The recognition of receivables associated with nonexchange transactions is as follows:

- Derived tax receivables (such as sales, income and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government mandates or voluntary nonexchange transaction receivables (such as mandates or grants) are recognized when all eligibility requirements have been met.

(f) Capital Assets

Capital assets, which include property, plant, equipment, intangible assets (e.g. software and easements) and infrastructure assets (e.g. roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of more than \$5,000, land improvements with initial, individual cost of more than \$25,000, building and building improvements with initial, individual cost of more than \$50,000, and infrastructure with initial, individual cost of more than \$250,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings	40
Equipment, furniture, vehicles and software	5 - 15
Land improvements	20 - 30
Infrastructure	20 - 90
Wells and pumping stations	25
Sewer and water system	50

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

(g) Deferred and Unearned Revenues

The Village reports unearned revenues on its financial statements. Unearned revenues arise when the potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures/expenses. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

(h) Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, as well as compensatory time. For regular (non union or public safety) employees, vacation time must be used in the year it is earned. Accumulated unused vacation pay and compensatory time up to a maximum of 140 hours for police and 200 hours for union employees is due in the event of termination and is accrued when incurred in the government-wide and proprietary fund financial statements, in accordance with the Village's policies. Sick time is not due in the event of termination; therefore, no liability is accrued for it in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

(i) Deposits Payable

In the governmental funds, deposits payable consist of builder bonds deposits. The Village has retainage amounts for various construction projects. In the proprietary funds, deposits consist of household security deposits for the activation of water services.

(j) Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. All amortization is computed using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(k) 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. Designations of fund balance represent tentative management plans that are subject to change.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

(l) Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers.

(m) Uses of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits and investments are held separately and in pools by several of the Village's funds. The Village invests these funds pursuant to investment guidelines established by the Village Board. The deposits and investments of the Pension Trust Fund are held separately. The Village's investment policy and state statutes allow the Village to invest in the following:

- Securities issued or guaranteed by the United States
- Interest-bearing accounts of banks and savings and loan associations insured up to \$250,000 by the Federal Deposit Insurance Corporation
- Obligations of the U.S. Treasury and U.S. Agencies
- Insured accounts of an Illinois credit union chartered under United States or Illinois law
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500 million and rated in the highest classification by at least two rating agencies
- Short-term obligations of the Federal National Mortgage Association
- The Illinois Funds
- Repurchase agreements which meet instrument transaction requirements of Illinois law
- Illinois Metropolitan Investment Fund

The deposits and investments of the pension funds are held separately from those of other Village funds. In addition to the aforementioned investments, pension funds are also permitted to invest in the following instruments:

- Federal Housing Authority bonds
- Government National Mortgage Association (GNMA)
- Public Housing Board bonds (HUD)
- Farmers Home Administration bonds
- General Service Administration bonds (GSA)
- Maritime Administration bonds
- Small Business Administration (SBA)
- Tennessee Valley Authority (TVA)
- Washington Metropolitan Area Transit Authority
- Federal National Mortgage Associate bonds (Fannie Mae)

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

Federal Home Loan Bank bonds (FHLB)

- Student Loan Marketing Association (Sallie Mae)
- Common stocks through a mutual fund or an investment advisor

In addition, the Village's investment policy prohibits any financial institution from holding more than 10% of the Pension Fund investment portfolio exclusive of U.S. Treasury securities held in safekeeping and from holding more than 75% of its capital stock and surplus portfolio in the Pension Fund investments. The Pension Fund is allowed to invest in brokered certificates up to a maximum of 25% of its portfolio. The fund is to match maturity schedules of its investments with anticipated cash flow requirements and is not allowed to purchase securities with maturities greater than 30 years from the date of purchase. Separate accounts of a life insurance company authorized to do business in Illinois, comprised of common or preferred stocks, bonds, or money market instruments; and separate accounts of a life insurance company authorized to do business in Illinois, comprised of real estate or loans upon real estate secured by first or second mortgages, shall not exceed the state statute of 10% of the aggregate book value of all investments owned by the Pension Fund.

(a) Deposits

To guard against custodial risk for deposits with financial institutions, the Village's and Police Pension Fund's investment policies require that deposits with financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insurance be collateralized with collateral in an amount of 110% of the uninsured deposits.

At year-end, all balances of bank deposits for the Village and Pension Fund are covered by federal depository insurance or by collateral held by the Village, or its agent, in the Village's name.

(b) Investments

As of April 30, 2011, the Village has the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 - 5
Illinois Funds	\$ 14,037,706	\$ 14,037,706	\$ -
Money Market Funds	700,028	700,028	-
Repurchase Agreement	717,000	-	717,000
Total investments	<u>\$ 15,454,734</u>	<u>\$ 14,737,734</u>	<u>\$ 717,000</u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

(b) Investments (Continued)

The following is a reconciliation of deposits and investments between the table above and the entity-wide statement of net assets:

	<u>Village</u>
Total investments per above	\$ 15,454,734
Deposits	7,385,230
Cash on hand	<u>1,327</u>
Total deposits and investments per the entity-wide statement of net assets	<u><u>\$ 22,841,291</u></u>

Investments in The Illinois Funds, a money market pool created by the Illinois State Legislature under the control of the Illinois State Treasurer, are reported at a planned consistent \$1 per share value. Funds deposits in the Village's sweep account are invested in mutual funds at a planned consistent \$1 per share value.

In accordance with the bond requirements of the Series 2003 TIF Revenue Bonds, the Village entered into a repurchase agreement with a financial institution, in which the Village purchased securities from the financial institution with an agreement to sell them back on December 1, 2013 at the same price plus the contracted rate of interest of 5.55%. The financial institution has established a collateral account in the Village's name held by the Trustee, Amalgamated Bank of Chicago. The market value of the securities underlying the repurchase agreement normally exceeds the cash paid, which provides the Village with a margin against a decline in the market value of the securities.

As of April 30, 2011, the Police Pension Fund has the following debt investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)			Greater than 10
		Less Than 1	1 - 5	6 - 10	
Governmental National Mortgage	\$ 7,878	\$ -	\$ 906	\$ 2,333	\$ 4,639
Federal Home Loan mortgage	54,432	-	-	16,306	38,126
Mutual Funds - debt securities	<u>6,525,817</u>	<u>6,525,817</u>			
Total investments	<u><u>\$ 6,588,127</u></u>	<u><u>\$ 6,525,817</u></u>	<u><u>\$ 906</u></u>	<u><u>\$ 18,639</u></u>	<u><u>\$ 42,765</u></u>

Additionally, the Police Pension Fund has equity mutual fund investments totaling \$5,450,414.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's and the Pension Fund's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The objective is to remain sufficiently liquid to enable the Village and Pension Fund to meet all operating requirements.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 2. Deposits and Investments (Continued)

(b) Investments (Continued)

Credit Risk.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not impose further limits on investment choices. The Pension Fund limits its exposure to credit risk by primarily investing in securities issued by the U.S. Government and/or its agencies that are implicitly guaranteed by the U.S. Government. As of April 30, 2011, The Illinois Funds Money Market and the Money Market Fund - Goldman Financial Square Treasury Obligation were rated AAAM by Standard & Poor's. The Pension Fund's investments in Federal Home Loan Mortgage, Federal National Mortgage, and GNMA bonds were rated AAA by Standard & Poor's Investor Services.

Concentration of Credit Risk:

It is the policy of the Village and the Pension Fund to diversify their investment portfolios. Investments shall be diversified to eliminate the risk of loss resulting in overconcentration in a security, maturity, issuer, class of securities, or financial institution.

At April 30, 2011 the Pension Fund had over 5% of net plan assets invested as follows:

Vanguard Short-Term Federal Fund	1,273,850	9.85%
Vanguard Total International Stock Index	1,646,036	12.73%

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of April 30, 2011, the Village and Pension Fund investments were not exposed to custodial credit risk.

Note 3. Receivables

(a) Property Taxes

The Village's property taxes are levied by the last Tuesday in December of each calendar year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on January 1 of the levy year. Property tax revenues are recognized when they become measurable and available. Tax bills are prepared by Lake County and issued on or about May 1 and August 1, and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 3. Receivables (Continued)

(a) Property Taxes (Continued)

The 2010 property tax levy is recorded as a receivable and deferred revenue because it was levied to finance FY 2012 operations. Based upon collection histories, at April 30, 2011 the Village does not deem it necessary to provide an allowance for uncollectible property taxes.

(b) Utility Accounts and Other Receivables

Utility accounts and other receivables as of year-end for the governmental, proprietary and fiduciary funds, less applicable allowances, are as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Fund
Water fees	\$ -	\$ 1,008,631	\$ -
Sewer fees	-	506,724	-
Accrued interest	21,054	5,871	240
Amusement tax	16,490	-	-
Utility tax	254,878	-	-
Miscellaneous	156,339	51,565	-
Total other receivables	<u>\$ 448,761</u>	<u>\$ 1,572,791</u>	<u>\$ 240</u>

(c) Due from Other Governments

Amounts due from other governments as of year-end for the governmental activities are as follows:

	Governmental Activities
State of Illinois	\$ 2,235,096
Lake County	<u>64,299</u>
Total due from other governments	<u>\$ 2,299,395</u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 4. Capital Assets

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

(a) Governmental Activities

A summary of changes in capital assets is as follows:

	Balance May 1	Additions	Deletions	Balance April 30
Capital assets not being depreciated:				
Land & Rights of way***	\$ 38,292,602	\$ 168,823	\$ -	\$ 38,461,425
Construction in progress	3,306,848	4,526,667	7,376,663	456,852
Total capital assets not being depreciated	<u>41,599,450</u>	<u>4,695,490</u>	<u>7,376,663</u>	<u>38,918,277</u>
Capital assets being depreciated:				
Buildings	11,787,120	-	-	11,787,120
Equipment, furniture and vehicles	3,105,356	267,904	187,042	3,186,218
Land improvements	6,838,532	-	-	6,838,532
Infrastructure	65,177,741	5,615,776	-	70,793,517
	<u>86,908,749</u>	<u>5,883,680</u>	<u>187,042</u>	<u>92,605,387</u>
Less accumulated depreciation for:				
Buildings	1,876,595	296,177	-	2,172,772
Equipment, furniture and vehicles	2,084,419	308,230	183,335	2,209,314
Land improvements	474,637	232,285	-	706,922
Infrastructure	18,019,994	1,040,785	-	19,060,779
	<u>22,455,645</u>	<u>1,877,477</u>	<u>183,335</u>	<u>24,149,787</u>
Total capital assets being depreciated, net	<u>64,453,104</u>	<u>4,006,203</u>	<u>3,707</u>	<u>68,455,600</u>
Governmental activities capital assets, net	<u>\$ 106,052,554</u>	<u>\$ 8,701,693</u>	<u>\$ 7,380,370</u>	<u>\$ 107,373,877</u>

***In the prior year the Village had classified \$33,558,451 of rights of way as infrastructure. Rights of way are not depreciable and the Village has not historically recorded any depreciation for these assets. The Village has reclassified the rights of way as Land and rights of way as of May 1, 2010.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 4. Capital Assets (Continued)

(b) Business-type Activities

	Balance May 1	Additions	Deletions	Balance April 30
Capital assets not being depreciated:				
Land	\$ 79,258	\$ -	\$ -	\$ 79,258
Construction in progress	580,293	1,569,735	804,526	1,345,502
Total capital assets not being depreciated	<u>659,551</u>	<u>1,569,735</u>	<u>804,526</u>	<u>1,424,760</u>
Capital assets being depreciated:				
Buildings	522,257	-	-	522,257
Wells and pumping stations	2,006,118	642,869	-	2,648,987
Sewer and water system	14,352,559	1,922,543	-	16,275,102
Equipment	667,205	96,695	-	763,900
	<u>17,548,139</u>	<u>2,662,107</u>	<u>-</u>	<u>20,210,246</u>
Less accumulated depreciation for:				
Buildings	215,566	13,056	-	228,622
Wells and pumping stations	1,562,320	70,713	-	1,633,033
Sewer and water system	4,107,079	412,716	-	4,519,795
Other equipment	471,322	54,134	-	525,456
	<u>6,356,287</u>	<u>550,619</u>	<u>-</u>	<u>6,906,906</u>
Total capital assets being depreciated, net	<u>11,191,852</u>	<u>2,111,488</u>	<u>-</u>	<u>13,303,340</u>
Business-type activities capital assets, net	<u>\$ 11,851,403</u>	<u>\$ 3,681,223</u>	<u>\$ 804,526</u>	<u>\$ 14,728,100</u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 4. Capital Assets (Continued)

(c) Depreciation Expense

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

Governmental activities	
Economic development	\$ 8,512
General government	245,228
Public safety	168,997
Public works	<u>1,454,740</u>
Total depreciation expense - governmental activities	<u>\$ 1,877,477</u>
Business-type activities	
Water	<u>\$ 550,619</u>

(d) Construction Commitments

The value of construction contracts signed, where the work has not yet been performed at April 30, 2011, is as follows:

Waterworks and Sewerage Fund	<u>\$ 1,548,850</u>
Motor Fuel Tax Fund	<u>\$ 124,825</u>
TIF #1 Capital Projects Fund	<u>\$ 1,351,353</u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 5. Interfund Advances (Internal Balances)

As of April 30, 2011, the Village reported the following interfund advances:

	<u>Advance From</u>	<u>Advance To</u>
Nonmajor Governmental Fund		
Civic Center Fund	\$ 92,824	\$ -
General Fund	-	92,824

Note 6. Interfund Transfers

The purpose of the Village's interfund transfers is to transfer excess property and sales tax revenues from the TIF #1 Debt Service Fund to the TIF #1 Capital Projects Fund for the purpose of financing capital expenditures. Additionally, the MFT Fund transferred amounts to the General Obligation Debt Fund for principal and interest on the Series 2009 bonds.

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
TIF 1 Capital Projects	\$ 2,575,443	\$ -
TIF 1 Debt Service	-	2,575,443
Bond Debt Service Fund	548,396	-
General Fund	-	197,540
Nonmajor governmental funds	-	350,856
Total all funds	<u>\$ 3,123,839</u>	<u>\$ 3,123,839</u>

Note 7. Pledged Revenues

The Village has pledged a portion of future sales tax revenues to reimburse \$200,000 in expenses to finance the construction of retention facilities, incurred in the construction of a new retail center. The Village agreed to rebate to the Developer 0.5% of the Home Rule Sales Tax generated by sales and service on the property for a period of five years, with payment to be made at the end of each fourth quarter. The Village's obligation shall terminate upon payment of \$200,000 or on December 31, 2013, whichever occurs first. As of April 30, 2011, no payments have yet been made to the Developer under this agreement.

Note 8. Short-Term Debt

The Village has a revolving line of credit for \$1,000,000 for the purpose of economic development. Subject to approval by the lender's Board of Directors, the line of credit is renewable on August 29 of each year. The line of credit is unsecured and has an interest rate of 4.50%. The Village borrows from the line of credit to purchase and rehabilitate homes, then uses the proceeds of the sale to pay principal and interest. As of April 30, 2011, there was an outstanding balance of \$236,846. Short-term debt activity during the year is as follows:

	Beginning Balance	Borrowing	Payments	Ending Balance
Line of credit	\$ 236,846	\$ -	\$ -	\$ 236,846

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 9. Long-Term Debt

(a) Changes in Long-term Liabilities

Long-term liability activity for the year ended April 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds					
Series 2010	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 120,000
Series 2009	3,425,000	-	200,000	3,225,000	205,000
Series 2006	3,350,000	-	150,000	3,200,000	155,000
Series 2004A	2,870,000	-	160,000	2,710,000	165,000
Series 2004	3,860,000	-	220,000	3,640,000	225,000
Series 2001	4,410,000	-	285,000	4,125,000	295,000
Total general obligation bonds payable	17,915,000	3,000,000	1,015,000	19,900,000	1,165,000
TIF Revenue Bonds Series 2003	2,490,000	-	945,000	1,545,000	495,000
Incremental sales tax revenue notes payable					
Series 1994***	3,842,013	-	294,739	3,547,274	313,966
Unamortized premium on issued debt	-	20,560	719	19,841	1,008
Capital lease payable	291,912	170,487	169,940	292,459	122,237
Compensated absences*	290,436	390,143	404,242	276,337	276,337
IMRF pension obligation*	-	26,162	-	26,162	-
Net pension obligation*	79,281	-	49,292	29,989	-
Net other postemployment obligation benefits*	318,017	117,921	-	435,938	-
Claims and judgements	-	283,007	17,778	265,229	84,625
Total governmental activities	\$ 25,226,659	\$ 4,008,280	\$ 2,896,710	\$ 26,338,229	\$ 2,458,173

*These liabilities are liquidated primarily by the General Fund

***The Village paid \$282,181 towards principal reduction and the remaining \$12,558 is accreted interest.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

(a) Changes in Long-term Liabilities (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Illinois EPA loan payable	\$ 2,168,916	\$ -	\$ 116,149	\$ 2,052,767	\$ 119,070
Compensated absences	75,815	84,841	95,425	65,231	65,231
IMRF pension obligation	-	14,716	-	14,716	-
Net other postemployment obligation benefits	80,691	42,824	-	123,515	-
Claims and judgements	-	117,159	-	117,159	6,433
	<u>\$ 2,325,422</u>	<u>\$ 259,540</u>	<u>\$ 211,574</u>	<u>\$ 2,373,388</u>	<u>\$ 190,734</u>

Payments on the General Obligation Bonds issued prior to 2009, are made by the Bond Fund with sales and utility tax allocations from the General Fund. Payments on the series 2009 and 2010 bonds are made exclusively from Motor Fuel Tax allotments. Payments on the TIF Revenue Bonds Series 2003 are made by the TIF #1 Debt Service Fund with real estate taxes and sales taxes. Payments on the Series 1994 Sales Tax Revenue Notes Payable are made by the General Fund with incremental sales tax revenues from retailers in the district.

(b) General Obligation Bonds Payable

The Village issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. All bonds are direct obligations and pledge the full faith and credit of the Village.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending April 30,	Principal	Interest	Total
2012	\$ 1,165,000	\$ 859,928	\$ 2,024,928
2013	1,205,000	821,164	2,026,164
2014	1,250,000	778,706	2,028,706
2015	1,290,000	731,409	2,021,409
2016	1,340,000	664,331	2,004,331
2017-2021	7,520,000	2,506,193	10,026,193
2022-2026	5,215,000	840,690	6,055,690
2027-2031	915,000	168,080	1,083,080
	<u>\$ 19,900,000</u>	<u>\$ 7,370,501</u>	<u>\$ 27,270,501</u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

(b) General Obligation Bonds Payable (Continued)

The Village issued Taxable General Obligation Bonds, Series 2010 (Recovery Zone Economic Development Bonds) dated August 12, 2010, in the original principal amount of \$3,000,000, with interest rates varying from 0.4% to 3.00%, payable July 1 and January 1 of each year. The proceeds of this issue were used to provide funds for street and other capital improvements.

The Village issued General Obligation Bonds, Series 2009 (Build America Bonds) dated August 1, 2009, in the original principal amount of \$3,695,000, with interest rates varying from 1.4% to 5.25%, payable July 1 and January 1 of each year. The proceeds of this issue were used to provide funds for street and other capital improvements.

The Village issued General Obligation Bonds, Series 2006, dated August 1, 2006, in the original amount of \$3,635,000, with interest rates varying from 4.15% to 4.3%, payable July 1 and January 1 of each year. The proceeds of this issue were used to provide funds for certain channel dredging and stream bank stabilization of the Village and to provide funds for the improvement to the public safety and public works facilities.

The Village issued General Obligation Bonds, Series 2004A, dated November 19, 2004, in the original amount of \$3,590,000, with interest rates varying from 3% to 4.17%, payable July 1 and January 1 of each year. The proceeds of this issue were used to pay off the lease/purchase agreement for the Police facility and to finance certain capital improvements.

In April 2004, the Village issued General Obligation Bonds, Series 2004, in the original amount of \$4,875,000, with interest rates varying from 2% to 4.15%, payable July 1 and January 1 of each year. The proceeds of this issue are to be used for certain water improvements and related street improvements.

The General Obligation Bonds, Series 2001, in the original amount of \$6,350,000, with interest rates varying from 2.9% to 5%, payable July 1 and January 1 of each year, were issued for the purpose of financing the construction of the Village Hall.

(c) Revenue Bonds Payable

On October 29, 2003, the Village issued \$7.17 million in Tax Increment Revenue Bonds Series 2003, with an average rate of 4.2%, to advance refund \$8.82 million of outstanding Tax Increment Revenue and Refunding Bonds, Series 1993 with an average interest rate of 7.5%.

Annual debt service requirements to maturity for Series 2003 Bonds are as follows:

Year Ending April 30,	Principal	Interest	Total
2012	\$ 495,000	\$ 71,843	\$ 566,843
2013	515,000	48,825	563,825
2014	535,000	24,878	559,878
	<u>\$ 1,545,000</u>	<u>\$ 145,546</u>	<u>\$ 1,690,546</u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

(d) Incremental Sales Tax Revenue Notes Payable

The Incremental Sales Tax Revenue Note, Series 1993, was issued under an agreement with Tucker Operating Limited Partnership to finance the development of property within the Round Lake Beach Rollins Crossing business district. The note in the amount of \$6,000,000 will be repaid with incremental sales tax revenue from retailers within the district. The original note called for quarterly payments of \$136,135 over 20 years starting in 1996, with interest at 6.5%.

Through calendar year 1999, the incremental sales tax revenue received was insufficient to cover the principal and interest payments, thus causing a note deficit, as defined in the note agreement. The note deficit accrued interest at 6.5%. An amendment to the note, dated November 5, 1999, eliminated the deficit requirements and all accrued interest through December 31, 1999. The original loan amount of \$6,000,000 will be repaid over 20 years at 6.5% interest with an annual payment of \$544,540. In any year where the sales tax is not sufficient to make the annual payment, the shortage will be accumulated and paid during a five-year period. As of April 30, 2011, the accumulated deficit is \$1,598,332 (consisting only of unpaid interest) and is reported as accrued interest payable in the Statement of Net Assets. The estimated sales tax revenues collected during the five-year extension period is \$1,750,000, which is the maximum liability that the Village will have on the accumulated note deficit.

Annual debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2012	\$ 313,965	\$ 230,573	\$ 544,538
2013	334,373	210,165	544,538
2014	356,107	188,431	544,538
2015	379,254	165,284	544,538
2016	403,906	140,632	544,538
2017-2021*	1,759,669	631,833	2,391,502
2022-2026*	-	1,048,408	1,048,408
	<u>\$ 3,547,274</u>	<u>\$ 2,615,326</u>	<u>\$ 6,162,600</u>

*Interest amount includes the deficit balance.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 9. Long-Term Debt (Continued)

(e) Capital Lease Obligations

At April 30, 2011, the Village is obligated for future payments under non-cancellable vehicle leases as follows:

Year Ending April 30,	Payment on Capital Lease Obligation
2012	\$ 132,336
2013	91,541
2014	66,072
2015	25,794
	<u>315,743</u>
Less interest portion	<u>23,284</u>
	<u><u>\$ 292,459</u></u>

The cost of the capital assets acquired through capital lease is \$730,750, with accumulated depreciation of \$174,555 at April 30, 2011.

(f) Loan Payable – Drinking Water Project IEPA Loan

The Village obtained a State of Illinois Environmental Protection Agency Drinking Water Project loan for the construction of an elevated water storage tank. The principal loan amount for which the Village is approved is \$2,603,807, with an interest rate of 2.5%, to be repaid over a 20-year term starting in October 2006. The total loan drawn down as of April 30, 2011, including accrued construction period interest, is \$2,566,078 and the principal outstanding at April 30, 2011, is \$2,052,767.

Annual debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2012	\$ 119,070	\$ 50,580	\$ 169,650
2013	122,066	47,584	169,650
2014	125,136	44,514	169,650
2015	128,284	41,366	169,650
2016	131,512	38,138	169,650
2017-2021	708,879	139,371	848,250
2022-2026	717,820	45,607	763,427
	<u>\$ 2,052,767</u>	<u>\$ 407,160</u>	<u>\$ 2,459,927</u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 10. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; employee health claims and natural disasters. The Village insured for all general liability, unemployment and workers' compensation, employee health, auto and collision claims for which the Village is held liable. The Village has contracted with the Illinois Municipal League (IML) to administer the program (except for employee health insurance coverage which is purchased through an independent insurance carrier) through December 31, 2010. At April 30, 2011, the Village has estimated a reserve amount of \$260,913 to cover future claims exceeding loss coverage provided through IML. As of January 1, 2011 the Village is self-insured for the above risks (except for employee health insurance coverage which is purchased through an independent insurance carrier).

The estimated insurance claim liabilities for governmental type activities and business type activities at April 30, 2011, total \$265,229 and \$117,159, respectively. Of these totals, for governmental type activities and business type activities claims payable were \$2,600 and \$117,159, respectively and incurred but not reported claims amounted to \$262,629 and \$0, respectively.

	Beginning Balance	Additions	Reductions	Ending Balance
Claims and judgements	\$ -	\$ 400,166	\$ 17,778	\$ 382,388

Note 11. Contingent Liabilities

(a) Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal or state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Village expects such amounts, if any, to be immaterial.

(b) Litigation

The Village is party to various matters involving disputes and/or litigation. While it is not possible at this time to determine the outcome of these matters, management believes that the ultimate liability, if any, will not be material to the financial statements.

Note 12. Joint Ventures

(a) Central Lake County Joint Action Water Agency (CLCJAWA)

The Village is a member of CLCJAWA, which consists of 9 municipalities. CLCJAWA is a municipal corporation and public body politic established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act).

The purpose and objectives of the Agency are:

To provide water to member municipalities on a wholesale basis.

To plan, construct, acquire, develop, operate, maintain or contract for facilities for receiving, storing and transmitting water from Lake Michigan for the principal use and mutual benefit of the municipalities and their water users.

To provide adequate supplies of such water on an economical and efficient basis for the municipalities.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 12. Joint Ventures

(a) Central Lake County Joint Action Water Agency (CLCJAWA) (Continued)

Summary Financial Information for CLAJAWA as of April 30, 2011, is as follows.

Non restricted current assets	\$ 7,729,538
Restricted assets	24,625,325
Capital assets (net of accumulated depreciation)	109,141,698
Deferred charges (net of amortization)	<u>1,224,097</u>
Total assets	<u><u>\$ 142,720,658</u></u>
Current liabilities	\$ 12,951,570
Long-term liabilities (net of amortization/accretion)	<u>118,534,081</u>
Total liabilities	<u>131,485,651</u>
Invested in capital assets - net of related debt	(11,933,719)
Restricted - bond covenants	11,653,739
Restricted - debt retirement	467,182
Restricted - rate stabilization	995,878
Unrestricted	<u>10,051,927</u>
Total net assets	<u>11,235,007</u>
Total liabilities and net assets	<u><u>\$ 142,720,658</u></u>

Summary of revenues, expenses and net income for CLCJAWA for the year ended April 30, 2011:

Total revenues	\$ 21,501,387
Total expenses	<u>17,486,231</u>
Net income	<u><u>\$ 4,015,156</u></u>

Complete financial statements for CLCJAWA can be obtained from CLCJAWA's administrative office at 200 Rockland Road, Lake Bluff, Illinois, 60044.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 12. Joint Ventures

(b) CenCom E9-1-1 Joint Emergency Telephone System

CenCom E9-1-1 Joint Emergency Telephone System (CenCom) is a unit of local government formed by an intergovernmental agreement effective September 3, 1989. The purpose of the joint agreement is to implement and operate an E9-1-1 emergency telephone system as provided by Illinois statutes. CenCom's primary sources of revenue are monthly surcharge fees to telephone customers within the service area of the joint agreement participants, and dispatch fees collected from participants based on the dispatch services that they receive. Members may withdraw from CenCom upon written notice at least 365 days prior to termination and upon approval of the Illinois Commerce Commission to operate as an independent E9-1-1 emergency telephone system.

Summary Financial Information (prepared on a modified cash basis) as of April 30, 2010, is as follows.

Current assets	\$ 617,120
Capital assets (net of accumulated depreciation)	<u>95,251</u>
Total assets	<u><u>\$ 712,371</u></u>
Net assets	
Invested in capital assets, net of related debt	\$ 95,251
Restricted for E9-1-1 purposes	<u>617,120</u>
Total net assets	<u><u>\$ 712,371</u></u>

Summary of revenues, expenses and changes in net assets for CenCom for the year ended April 30, 2010:

Total revenues	\$ 403,890
Total expenses	<u>302,410</u>
Change in net assets	<u><u>\$ 101,480</u></u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 12. Joint Ventures

(c) CenCom E9-1-1 Public Safety Communications Center

On May 1, 2005, CenCom separated the operations portion of this entity to a new entity, CenCom E9-1-1 Public Safety Communications Center. Initial operating capital of \$320,783 and assets with a net book value of \$72,671 was transferred by the CenCom E9-1-1 Joint Emergency Telephone System Board.

Summary Financial Information (prepared on a modified cash basis) as of April 30, 2010, is as follows.

Current assets	\$ 710,417
Capital assets (net of accumulated depreciation)	<u>426,096</u>
Total assets	<u><u>\$ 1,136,513</u></u>
Net assets	
Invested in capital assets, net of related debt	\$ 426,096
Unrestricted	<u>710,417</u>
Total net assets	<u><u>\$ 1,136,513</u></u>

Summary of revenues, expenses and changes in net assets for CenCom E9-1-1 Public Safety Communications Center for the year ended April 30, 2010:

Total revenues	\$ 1,798,880
Total expenses	<u>1,728,172</u>
Change in net assets	<u><u>\$ 70,708</u></u>

Complete financial statements for CenCom can be obtained from CenCom's administrative office at 911 N. Lotus Dr., Round Lake Beach, Illinois, 60073.

(d) Solid Waste Agency of Lake County

Solid Waste Agency of Lake County (SWALCO) is a municipal corporation formed by Lake County and 28 municipalities within Lake County for the purpose of implementing a regional approach to solid waste management by addressing economic, political and environmental issues. SWALCO's primary sources of revenue are surcharge fees imposed at sanitary landfills and host fees from these landfills which are then transferred to Lake County.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 12. Joint Ventures

(d) Solid Waste Agency of Lake County (Continued)

Summary Financial Information for SWALCO as of November 30, 2010 (most recent information available) is as follows.

Current assets	\$ 2,149,335
Capital assets (net of accumulated depreciation)	<u>1,532,734</u>
Total assets	<u>\$ 3,682,069</u>
Liabilities	
Current liabilities	<u>\$ 125,266</u>
Net assets	
Invested in capital assets, net of related debt	1,412,734
Restricted	120,000
Unrestricted	<u>2,024,069</u>
Total net assets	<u>3,556,803</u>
Total liabilities and net assets	<u>\$ 3,682,069</u>

Summary of revenues, expenses and changes in net assets for SWALCO for the year ended November 30, 2010:

Total revenues	\$ 3,032,123
Total expenses	<u>1,449,292</u>
Change in net assets	<u>\$ 1,582,831</u>

Complete financial statements for SWALCO can be obtained from SWALCO's administrative office at 1311 N. Estes St., Gurnee, Illinois 60031.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 13. Employee Retirement Systems

(a) Illinois Municipal Retirement Fund

Plan Description

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer public retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. All employees, except those covered by the police pension plan, hired in positions that meet or exceed the prescribed annual hourly standard, must be enrolled in IMRF as participating members. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy

As set by statute, employer regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village contribution rates for calendar years 2010 and 2011 used were 8.47 and 9.32 percent, respectively, of annual covered payroll. The Village annual required contribution rates for calendar years 2010 and 2011 were 9.85 and 10.37 percent, respectively. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

The following table shows the components of the Village's annual pension cost for the fiscal year ended April 30, 2011, the amount actually contributed to the plan and changes in the Village's net pension obligation to the plan:

Annual required contribution (ARC)	\$ 230,235
Interest on net pension obligation	838
Adjustment to annual required contribution	<u>10,578</u>
Annual pension cost	241,651
Contribution made	<u>(200,773)</u>
Increase in net pension obligation	40,878
Net pension obligation beginning of year	<u>-</u>
Net pension obligation end of year	<u><u>\$ 40,878</u></u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 13. Employee Retirement Systems (Continued)

(a) Illinois Municipal Retirement Fund (Continued)

Annual Pension Cost (Continued)

The required contribution for 2011 and 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Three-Year Trend Information for the Regular Plan

Year Ending April 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
2011	\$ 241,651	83 %	\$ 40,878
2010	158,261	100	-
2009	151,709	100	-

Funding Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 79.37 percent funded. The actuarial accrued liability for benefits was \$5,498,785 and the actuarial value of assets was \$4,364,567, resulting in underfunded actuarial accrued liability (UAAL) of \$1,134,218. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$2,423,043 and the ratio of the UAAL to the covered payroll was 47 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(b) Police Pension Fund

Plan Description

Police-sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. Administrative costs are financed through investment earnings. The Village accounts for the plan as a pension trust fund. The Pension Plan issues a stand-alone financial report which may be obtained by writing to Round Lake Beach Police Pension, 1947 N. Municipal Way, Round Lake Beach, IL 60073.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 13. Employee Retirement Systems (Continued)

(b) Police Pension Fund (Continued)

Plan Description (Continued)

At April 30, 2011, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	18
Members entitled to benefits but not yet receiving them	1
Active plan members	<u>43</u>
Total	<u><u>62</u></u>

The following is a summary of the Police Pension Plan as provided for in the Illinois Compiled Statutes:

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter. Effective January 1, 1993, the second and subsequent pension increases (other than disability pension increases) will be computed on the current pension rather than the original pension.

Funding Policy

State-mandated police employees are required to contribute 9.91% of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the Village's contributions must accumulate to the point where the past service cost for the plan is fully funded.

Basis of Accounting

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

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 13. Employee Retirement Systems (Continued)

(b) Police Pension Fund (Continued)

Annual Pension Cost and Net Pension Obligation

The Village's annual pension cost and net pension benefits to the Police Pension Funds were obtained from the fund's most recent actuarial valuations and are as follows:

Annual required contribution (ARC)	\$ 839,794
Interest on net pension obligation	5,158
Adjustment to net pension obligation	<u>(3,645)</u>
Annual pension cost (APC)	841,307
Contributions made	<u>(890,599)</u>
Decrease in net pension obligation	(49,292)
Net pension obligation	
Beginning of year	<u>79,281</u>
End of year	<u><u>\$ 29,989</u></u>

Schedule of Employer Contributions

Year Ended April 30,	Annual Required Contribution	Percentage of APC Contributed	Net Pension Asset (Obligation)
2011	\$ 839,794	106.1 %	\$ 29,989
2010	758,833	99.3	79,281
2009	684,447	100.1	296,714

Funded Status and Funding Progress

The funded status of the Police Pension Plan as of latest actuarial valuation is as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
05/01/2010	\$ 11,364,253	\$ 21,711,924	\$ 10,347,671	52.34 %	\$ 2,893,925	357.57 %

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 13. Employee Retirement Systems (Continued)

(b) Police Pension Fund (Continued)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Significant Actuarial Assumptions

Additional information as of the latest valuation follows:

Actuarial valuation date	April 30, 2010
Actuarial cost method	Entry age normal cost
Asset valuation method	Market
Amortization method	Level Percentage of Payroll
Amortization period	30 Years, Open
Mortality rate assumptions	1971 Group Annuity
Decrement assumption	Experience tables
Other actuarial assumptions:	
a) Investment rate of return	7.00%
b) Projected salary increases	5.50%

Note 14. Other Postemployment Benefits (OPEB)

Plan Description

The Village's Health Insurance Plan for Retired Employees (the Plan) is a single-employer defined benefit healthcare plan administered by the Village. The Plan provides healthcare coverage at 100% of the active premium rate. The state of Illinois requires IMRF employers who offer health insurance to their active employees to offer the same health insurance to disabled members, retirees, and surviving spouses at the same premium rate for active employees. Therefore, an implicit rate subsidy exists for retirees (that is, the difference between the premium rate charged to retirees for the benefit and the estimated rate that would be applicable to those retirees if that benefit were acquired for them as a separate group) resulting from the participation in postemployment healthcare plans that cover both active employees and retirees. The Plan operates on a pay-as-you-go funding basis. No assets are accumulated or dedicated to funding the retiree health plan benefits.

At April 30, 2010, membership in the Plan consisted of the following:

	Members
Retirees and beneficiaries receiving benefits	7
Active plan members	73
Total membership	80

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 14. Other Postemployment Benefits (OPEB) (Continued)

Plan Description (Continued)

Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation to the Village's Health Insurance Plan for Retired Employees.

Annual required contribution (ARC)	\$ 184,418
Interest on net OPEB obligation	17,942
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	202,360
Contribution made	<u>(41,615)</u>
Increase in net OPEB obligation	160,745
Net OPEB obligation beginning of year	<u>398,708</u>
Net OPEB obligation end of year	<u><u>\$ 559,453</u></u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2011 is as follows:

Trend Information – Other Postemployment Benefits

Year Ended April 30,	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 202,360	\$ 41,615	20.6%	\$ 559,453
2010	239,154	33,789	14.1%	398,708
2009	239,154	45,811	19.2%	193,343

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 14. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Funding Status and Funding Progress

The funded status and funding progress of the Plan as of April 30, 2010 was as follows:

Actuarial accrued liability (AAL)	\$ 2,053,349
Actual value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,053,349</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.00%</u>
Covered payroll (active plan members)	<u>\$ 4,834,651</u>
UAAL as a percentage of covered payroll	<u>42.47%</u>

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included (a) 4.50% investment rate of return and, (b) an initial healthcare cost trend of 10% decreasing and leveling off at 5% after 10 years. Other actuarial information included (a) valuation date of April 30, 2010, (b) entry age actuarial cost method, (c) amortization method of level percent closed, (d) remaining amortization period of 30 years, and (e) asset valuation method of market.

Note 15. Restricted Net Assets

The government-wide statement of net assets reports \$12,818,895 of restricted net assets which consist of the following:

Roads (motor fuel tax allotments)	\$ 126,224
Debt service (real estate, state sales, home rule and utility taxes)	4,962,182
Unused GO bond proceeds in Fund 72	3,465,154
Economic development (TIF Funds)	<u>4,265,335</u>
Total restricted net assets	<u>\$ 12,818,895</u>

Note 16. Stewardship, Compliance and Accountability

The Civic Center Fund had a net assets deficit of \$45,724 as of April 30, 2011. The Village plans to use current resources and possible financing from the General Fund to pay for future liabilities.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 17. New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The Village is required to implement this Statement for the year ending April 30, 2012.

Statement No. 59, *Financial Instrument Omnibus*, will be effective for the Village with its year ending April 30, 2012. This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, will be effective for the Village beginning with its year ending April 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

Management has not currently determined what impact, if any, these Statements may have on its financial statements.

Note 18. Subsequent Event

On August 24, 2011 the Village issued \$3,815,00 General Obligation Refunding Bonds, Series 2011. A portion of the proceeds of the Bonds will be used for the purpose of (i) refunding, in advance of their maturity, the callable portion which is \$3,830,000 of the outstanding \$4,125,000 General Obligation Bonds, Series 2001 and (ii) funding certain costs associated with the issuance of the Bonds.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

Village of Round Lake Beach, Illinois

Required Supplementary Information
 Schedule of Revenues, Expenditures, and Changes in Fund Balance –
 Budget and Actual – General Fund
 Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 3,828,974	\$ 3,938,273	\$ 109,299
Intergovernmental	5,320,740	5,105,280	(215,460)
Licenses and permits	429,000	488,567	59,567
Fines	470,500	564,962	94,462
Interest	58,447	17,306	(41,141)
Charges for services	89,690	116,406	26,716
Rental income	45,780	44,481	(1,299)
Miscellaneous	22,475	42,666	20,191
Total revenues	<u>10,265,606</u>	<u>10,317,941</u>	<u>52,335</u>
Expenditures			
General government			
Legislative	408,413	404,205	4,208
Boards and commissions	29,277	39,412	(10,135)
Administration	265,900	258,161	7,739
Village clerk	9,174	10,447	(1,273)
Finance	194,987	185,696	9,291
Village president's office	27,039	27,364	(325)
Insurance	1,125,312	609,299	516,013
Public safety	6,097,857	6,035,496	62,361
Economic development	886,540	638,782	247,758
Public works	1,537,977	1,550,314	(12,337)
Total expenditures	<u>10,582,476</u>	<u>9,759,176</u>	<u>823,300</u>
Excess (deficiency) of revenues over expenditures	<u>(316,870)</u>	<u>558,765</u>	<u>875,635</u>
Other financing sources (uses)			
Transfer out	-	(197,540)	(197,540)
Net proceeds from sale of property held for resale	200,000	-	(200,000)
Loan proceeds	116,870	-	(116,870)
	<u>316,870</u>	<u>(197,540)</u>	<u>(316,870)</u>
Net change in fund balance	<u>\$ -</u>	<u>361,225</u>	<u>\$ 558,765</u>
Fund balance - beginning		<u>5,939,686</u>	
Fund balance - ending		<u>\$ 6,300,911</u>	

See Notes to Required Supplementary Information.

Village of Round Lake Beach, Illinois

Required Supplementary Information
 Schedule of Revenues, Expenditures, and Changes in Fund Balance –
 Budget and Actual – TIF #2 Special Revenue Fund
 Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
<hr/>			
Revenues			
Taxes			
Real estate taxes	\$ 2,050,000	\$ 2,218,673	\$ 168,673
Interest on investments	2,500	1,690	(810)
Total revenues	<u>2,052,500</u>	<u>2,220,363</u>	<u>167,863</u>
Expenditures			
Economic development			
TIF rebates	<u>2,052,500</u>	<u>2,220,487</u>	<u>(167,987)</u>
Net change in fund balance	<u>\$ -</u>	(124)	<u>\$ (124)</u>
Fund balance - beginning		<u>713</u>	
Fund balance - ending		<u>\$ 589</u>	

See Notes to Required Supplementary Information.

Village of Round Lake Beach, Illinois

Required Supplementary Information
Analysis of Funding Progress

April 30, 2011

Illinois Municipal Retirement Fund

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) (Overfunded) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	(Overfunded) Underfunded UAAL as a Percentage of Annual Covered Payroll ((2-1)/3)
12/31/2010	\$ 4,364,567	\$ 5,498,785	\$ 1,134,218	79.37 %	\$ 2,423,043	46.81 %
12/31/2009	5,340,085	6,285,993	945,908	84.95	2,581,748	36.64
12/31/2008	5,054,355	5,617,919	563,564	89.97	2,341,187	24.07
12/31/2007	5,957,941	5,156,929	(801,012)	115.53	2,315,831	(34.59)
12/31/2006	5,298,911	4,595,090	(703,821)	115.32	2,195,982	(32.05)
12/31/2005	5,134,095	4,576,431	(557,664)	112.19	2,111,669	(26.41)

Village of Round Lake Beach, Illinois

Required Supplementary Information
Analysis of Funding Progress

April 30, 2011

Police Pension Fund

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)-(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
05/01/2010	\$ 11,364,253	\$ 21,711,924	\$ 10,347,671	52.34 %	\$ 2,893,925	357.57 %
05/01/2009	9,787,805	19,891,428	10,103,623	49.21	2,750,717	367.31
05/01/2008	10,890,053	18,135,057	7,245,004	60.05	2,775,802	261.01
05/01/2007	10,467,118	16,940,905	6,473,787	61.79	2,587,978	250.15
05/01/2006	9,938,382	15,593,498	5,655,116	63.73	2,356,890	239.94
05/01/2005	9,051,618	14,738,480	5,686,862	61.41	2,331,900	243.87

Village of Round Lake Beach, Illinois

**Other Post-Employment Benefits
Required Supplementary Information
Year Ended April 30, 2011**

Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)		Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
4/30/2010	\$ -	\$ 2,053,349	\$2,053,349	-	%	\$ 4,834,651	42.47 %
4/30/2009	-	2,313,623	2,313,623	-		5,137,560	45.03

The Village has presented as many years as is available.

Employer Contributions

Fiscal Year Ending	Required Contribution	Percentage Contributed
4/30/2011	\$ 202,360	20.6%
4/30/2010	238,154	14.1%
4/30/2009	239,154	19.2%

Information is presented for as many years as is available. The Village implemented GASB Statement No. 45 in fiscal year 2009.

Village of Round Lake Beach, Illinois

Notes to Required Supplementary Information

Note 1. Illinois Municipal Retirement Fund Schedule of Funding Progress Digest of Changes

Assumptions:

The actuarial assumptions used to determine the actuarial accrued liability for 2010 are based on the 2006-2008 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality was implemented.
- For regular members, fewer normal and early retirements are expected to occur.

Note 2. Budgets

All governmental and proprietary fund types have legally adopted annual budgets except for the Police Pension Fund. The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The Village Administrator submits to the Village President the proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
- (b) The Village President reviews the proposed budget and makes changes as necessary. The Administrator then holds workshops with support staff and one or two trustees at a time where the budget is reviewed and recommendations are collected. The Trustees' suggestions are incorporated in the budget draft for final review by the Village President, who may make additional changes.
- (c) A public hearing is conducted to obtain taxpayer comments on the proposed fiscal year appropriation ordinance.
- (d) The fiscal year appropriation ordinance, which incorporates the budget decisions of the Village Board, is legally enacted for the General Fund, Special Revenue Funds, Capital Projects Funds and Proprietary Fund Types.
- (e) The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the department level, per fund. The Department head may modify the department budget by spending less in one line item when another will go over budget. Modifications to the budget beyond the department-per-fund level can only be made by the Village Board of Trustees. Village management does not have the authority to modify the budget beyond the department-per-fund level.
- (f) All appropriations lapse at year-end. No supplemental appropriations were made by the Village Board of Trustees during fiscal year 2011.

Village of Round Lake Beach, Illinois

Notes to Required Supplementary Information

Note 2. Budgets (Continued)

All governmental fund type budgets are generally prepared on a modified accrual basis, except that the Village budgets the planned use of available fund balance as well as the planned increase of fund balance reserves. Proprietary fund type budgets, which are prepared for management control purposes, are generally prepared on the accrual basis except that depreciation and amortization are not budgeted. The budgetary authority to spend lapses at April 30 of each year.

Note 3. Actual Expenditures in Excess of Budget / Department in Individual Funds

Fund / Department	Budget	Actual	Excess
General:			
Boards and Commissions	\$ 29,277	\$ 39,412	\$ (10,135)
Village Clerk	9,174	10,447	(1,273)
Village President's Office	27,039	27,364	(325)
Public Works	1,537,977	1,550,314	(12,337)
TIF #2 Special Revenue Fund	2,052,500	2,220,487	(167,987)
TIF #1 Debt Service Fund	1,063,785	1,064,270	(485)
General Improvement Fund	430,171	668,164	(237,993)
Waterworks and Sewerage Fund	4,392,116	5,853,962	(1,461,846)

In the General Fund, the excess of expenses over budgeted amounts in the Boards and Commissions department was due to higher-than-anticipated legal expenses and consulting for marketability and redevelopment of vacant commercial properties. Greater than anticipated codification charges and a greater number of liquor license background checks was the cause of the excess of expenses over budgeted amounts in the Village Clerk and Village President's Office, respectively. In the Public Works department, the excess of expenses over budgeted amounts were due to additional equipment and vehicle maintenance and increased contractual costs related to snow removal. In addition, engineering costs increased due to the timing of capital projects from grant funds.

The excess of expenditures over budgeted amounts in TIF #2 Special Revenue Fund is offset by similar excesses of revenue over budgeted amounts, due to a higher than expected property tax increment increase.

The excess of expenditures over budgeted amounts in TIF #1 Debt Service Fund is offset by similar excesses of revenue over budgeted amounts, due to a higher than expected bond paying agent fee.

Village of Round Lake Beach, Illinois

Notes to Required Supplementary Information

Note 3. Actual Expenditures in Excess of Budget / Department in Individual Funds (Continued)

The excess of expenditures over budget in the General Improvement Fund was due to the unanticipated purchase of property and failure of public works heavy machinery that had to be replaced in the fiscal year.

In the Waterworks and Sewerage Fund, the significant excess in expenditures over budget was caused by a change in the way the pass-through Lake County Sewer charges are reflected. They were not budgeted in FY11 as a revenue or expense, so the actual revenue and expense for FY11 are both overstated by an offsetting amount.

SUPPLEMENTARY INFORMATION

Village of Round Lake Beach, Illinois

General Fund

Schedule of Revenues and Other Financing Sources (Uses) - Budget and Actual
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Property tax			
Corporate fund	\$ 880,000	\$ 880,165	\$ 165
Liability insurance	202,300	202,625	325
Police protection	150,000	150,006	6
Auditing	32,000	35,239	3,239
IMRF	235,000	237,864	2,864
Road and bridge	34,000	33,192	(808)
Police pension	890,599	890,599	-
Total property tax	2,423,899	2,429,690	5,791
Other taxes			
Home rule	190,000	296,193	106,193
Telecommunications	438,000	351,328	(86,672)
Gas	97,000	122,446	25,446
Electric	360,000	422,537	62,537
Amusement	320,075	316,079	(3,996)
Total other taxes	1,405,075	1,508,583	103,508
Total taxes	3,828,974	3,938,273	109,299
Intergovernmental - Revenue from other agencies			
Sales tax	3,131,740	2,708,122	(423,618)
Use	315,000	371,478	56,478
Personal property replacement tax	14,000	15,606	1,606
Income tax	1,855,000	2,001,151	146,151
Grant revenue	5,000	8,200	3,200
Charitable game tax/license	-	723	723
Total intergovernmental-revenue from other agencies	5,320,740	5,105,280	(215,460)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Revenues and Other Financing Sources (Uses) - Budget and Actual (Continued)
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Revenues (Continued)			
Licenses and permits			
Business certificates	\$ 40,000	\$ 65,050	\$ 25,050
Liquor	30,000	28,975	(1,025)
Billboard licenses	1,000	1,350	350
Contractor application fee	7,000	8,000	1,000
Rental certification	44,000	57,610	13,610
Occupancy permits	18,000	17,855	(145)
Building permits	100,000	107,389	7,389
Cable TV franchise fee	145,000	153,238	8,238
Nicor gas franchise fee	40,000	42,700	2,700
Annex/ZBA/Plan	4,000	6,400	2,400
Total licenses and permits	429,000	488,567	59,567
Fines			
Police fines	389,000	473,387	84,387
DUI revenues	4,000	7,217	3,217
Tobacco enforcement	1,500	-	(1,500)
Towing revenues	60,000	75,600	15,600
False alarm	12,000	6,800	(5,200)
Building fines	4,000	1,958	(2,042)
Total fines	470,500	564,962	94,462
Interest	58,447	17,306	(41,141)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Revenues and Other Financing Sources (Uses) - Budget and Actual (Continued)
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Revenues (Continued)			
Charges for services			
Police photocopy service	\$ 4,750	\$ 3,590	\$ (1,160)
Lien	32,000	32,105	105
Police security services	-	250	250
Daily parking collections	28,100	32,443	4,343
Recycling rev-binds/SWALCO	4,840	26,909	22,069
Community event	20,000	21,109	1,109
Total charges for services	89,690	116,406	26,716
Miscellaneous			
Rental income	45,780	44,481	(1,299)
Miscellaneous	22,475	42,666	20,191
Total miscellaneous	68,255	87,147	18,892
Total revenues	10,265,606	10,317,941	52,335
Other Financing Sources (Uses)			
Transfers out	-	(197,540)	(197,540)
Net proceeds from sale of property held for resale	200,000	-	(200,000)
Loan proceeds	116,870	-	(116,870)
Total other financing sources (uses)	316,870	(197,540)	(514,410)
Total revenues and other financing sources (uses)	\$ 10,582,476	\$ 10,120,401	\$ (462,075)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
General government			
Legislative			
Salaries - full time	\$ 28,800	\$ 28,800	\$ -
IMRF	2,649	2,101	548
FICA	1,786	1,786	-
Medicare	417	418	(1)
Village building stipend	3,600	3,600	-
Training	870	1,700	(830)
Travel/food	4,710	5,558	(848)
Dues and subscriptions	20,306	21,861	(1,555)
Employee recognition	2,500	2,603	(103)
Postage	200	102	98
Printing, advertising, publishing	1,775	1,951	(176)
Video service	4,800	3,570	1,230
Legal	325,000	317,617	7,383
Community events	5,000	5,656	(656)
Dollars for scholars	6,000	6,000	-
Miscellaneous	-	882	(882)
Total Legislative	408,413	404,205	4,208
Boards and Commissions			
Salaries - part time	3,720	3,170	550
FICA	164	118	46
Medicare	38	28	10
Training	730	572	158
Travel/food	600	189	411
Planning/consulting	-	4,198	(4,198)
Dues and subscriptions	375	375	-
Office supplies	100	284	(184)
Printing, advertising, publishing	1,715	861	854
Tech services	7,835	7,286	549
Legal	14,000	22,138	(8,138)
Miscellaneous	-	193	(193)
Total Boards and Commissions	29,277	39,412	(10,135)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
General Government (Continued)			
Administration			
Salaries - full time	\$ 171,906	\$ 166,470	\$ 5,436
Health insurance	34,544	35,565	(1,021)
IMRF	17,813	15,420	2,393
FICA	10,658	9,172	1,486
Medicare	2,493	2,280	213
Training	480	295	185
Travel/food	614	607	7
Dues and subscriptions	1,112	1,163	(51)
Office supplies	175	220	(45)
Telephone	600	577	23
Cellular phone	1,000	972	28
Postage	-	65	(65)
Printing, advertising, publishing	275	256	19
Village newsletter	14,260	12,902	1,358
Web page maintenance	4,450	5,868	(1,418)
Payroll processing	4,225	4,801	(576)
Fuel/oil	1,000	1,500	(500)
Pre-employment background and testing	295	28	267
Total Administration	265,900	258,161	7,739
Village Clerk			
Salaries - full time	2,000	2,000	-
IMRF	184	175	9
FICA	124	124	-
Medicare	29	29	-
Training	290	250	40
Travel/food	1,397	1,031	366
Dues and subscriptions	150	180	(30)
Office supplies	150	60	90
Telephone	150	144	6
Postage	-	42	(42)
Printing, advertising, publishing	-	303	(303)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
General Government (Continued)			
Village Clerk (Continued)			
Codification	\$ 4,000	\$ 5,799	\$ (1,799)
Archiving	700	310	390
Total Village Clerk	9,174	10,447	(1,273)
Finance			
Salaries - full time	79,522	74,672	4,850
Health insurance	8,672	4,999	3,673
IMRF	7,313	6,419	894
FICA	4,930	4,562	368
Medicare	1,153	1,067	86
Training	435	218	217
Travel/food	439	483	(44)
Due and subscriptions	250	285	(35)
Office supplies	1,660	2,065	(405)
Telephone	1,770	1,707	63
Postage	830	840	(10)
Printing, advertising, publishing	1,215	881	334
Network support	33,100	32,138	962
Data processing	7,250	6,945	305
Cafeteria plan	570	970	(400)
Equipment maintenance	4,237	5,429	(1,192)
Liens	3,200	4,200	(1,000)
Auditor/financial consultant	38,441	37,191	1,250
Miscellaneous	-	625	(625)
Total Finance	194,987	185,696	9,291

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
General Government (Continued)			
Village President's Office			
Salaries - full time	\$ 20,000	\$ 20,000	\$ -
IMRF	1,839	1,753	86
FICA	1,240	1,240	-
Medicare	290	290	-
Village building stipend	1,200	1,200	-
Training	440	390	50
Travel/food	1,780	1,891	(111)
Telephone	175	144	31
Printing, advertising, publishing	75	-	75
Liquor license background check	-	456	(456)
Total Village President's Office	27,039	27,364	(325)
Financing and Insurance			
Liability insurance	100,000	91,488	8,512
Workers' compensation	112,311	28,008	84,303
Unemployment insurance	10,000	34,481	(24,481)
Postage	-	-	-
Bank fees	6,000	729	5,271
Insurance broker fees	-	16,250	(16,250)
Miscellaneous	-	43,511	(43,511)
Interest	51,740	56,576	(4,836)
Principal	795,261	282,181	513,080
Bond issuance costs	50,000	56,075	(6,075)
Total Financing and Insurance	1,125,312	609,299	516,013
Total General Government	2,060,102	1,534,584	525,518

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Public Safety			
Salaries - full time	\$ 3,344,562	\$ 3,335,795	\$ 8,767
Salaries - part time	8,000	8,780	(780)
Overtime	264,000	165,725	98,275
Health insurance	591,141	658,236	(67,095)
Police pension contribution	890,599	890,599	-
IMRF	33,025	26,564	6,461
FICA	22,760	20,476	2,284
Medicare	50,960	47,300	3,660
Training	8,515	12,072	(3,557)
Travel/food	1,685	2,303	(618)
Clothing	24,300	32,888	(8,588)
Due and subscriptions	28,269	25,195	3,074
Safety equipment	5,000	5,782	(782)
Medical	3,048	2,881	167
Office supplies	8,595	6,950	1,645
Telephone	21,457	20,725	732
Cellular phone	8,500	6,821	1,679
Wi-Fi services	9,638	16,909	(7,271)
Postage	6,600	5,775	825
Printing, advertising, publishing	6,811	6,214	597
Tech services	2,395	829	1,566
Data processing	10,099	10,099	-
Animal control	5,658	3,546	2,112
Equipment lease	4,715	4,322	393
Equipment maintenance	4,377	3,317	1,060
Vehicle accessories	297	608	(311)
Vehicle maintenance	72,500	69,473	3,027
Fuel/oil	80,330	102,838	(22,508)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Public Safety (Continued)			
Operating supplies	\$ 4,400	\$ 2,885	\$ 1,515
Community service	3,350	2,833	517
Weapons supplies	6,350	9,232	(2,882)
Jail expense	25,800	22,631	3,169
CenCom	464,230	460,045	4,185
Payroll contingency	46,894	-	46,894
Warning siren	2,300	1,763	537
Drug prevention asset seizure	7,197	10,566	(3,369)
DUI prevention	5,000	16,162	(11,162)
Grant expenditures	6,500	5,935	565
Mobile eye	8,000	10,422	(2,422)
Total Public Safety	6,097,857	6,035,496	62,361
Economic Development			
Salaries - full time	295,153	297,516	(2,363)
Health insurance	44,948	46,475	(1,527)
IMRF	25,320	23,772	1,548
FICA	18,299	17,818	481
Medicare	4,280	4,167	113
Training	1,600	825	775
Travel/food	500	456	44
Clothing	2,100	1,700	400
Due and subscriptions	805	585	220
Office supplies	2,000	1,932	68
Telephone	3,000	2,887	113
Cellular phone	3,664	3,545	119
Postage	3,700	6,771	(3,071)
Printing, advertising, publishing	3,500	3,495	5

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Economic Development (Continued)			
Pre-employment screening	\$ 400	\$ -	\$ 400
Film/batteries	150	123	27
Equipment purchase	200	198	2
Equipment maintenance	341	91	250
Vehicle accessories	50	-	50
Fuel/oil	5,300	6,177	(877)
Planning/consulting	28,880	41,267	(12,387)
Engineering	2,000	3,704	(1,704)
Subcontract plumbing inspector	4,500	4,770	(270)
Elevator inspections	1,800	2,139	(339)
Board-ups	1,800	12,240	(10,440)
Utilities	400	470	(70)
Utilities - natural gas	250	1,111	(861)
Interest	14,500	10,806	3,694
Property purchase	200,000	-	200,000
Property taxes	500	1,994	(1,494)
Tax rebates	80,000	51,225	28,775
Rental management	600	1,300	(700)
Building maintenance	101,000	1,790	99,210
Legal	10,000	1,055	8,945
Miscellaneous	-	55,011	(55,011)
Community events	25,000	31,367	(6,367)
Total Economic Development	886,540	638,782	247,758
Public Works			
Salaries - full time	619,037	604,707	14,330
Salaries - part time	12,000	-	12,000
Overtime	28,000	20,966	7,034
Health insurance	121,111	134,575	(13,464)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Public Works (Continued)			
IMRF	\$ 61,023	\$ 49,008	\$ 12,015
FICA	41,139	36,390	4,749
Medicare	9,621	8,510	1,111
Medical expenses	2,166	709	1,457
Medical supplies	50	12	38
Training	13	57	(44)
Travel/food	285	252	33
Clothing	5,820	3,401	2,419
Dues and subscription	375	285	90
Safety equipment	3,845	3,114	731
Office supplies	1,538	1,016	522
Telephone	5,400	6,125	(725)
Cellular phone	5,015	4,645	370
Utilities	14,744	17,259	(2,515)
Natural gas	30,500	30,209	291
Postage	75	64	11
Printing, advertising, publishing	583	158	425
Pre-employment screening	100	126	(26)
Janitorial services	32,254	29,892	2,362
Janitorial supplies	7,096	2,973	4,123
Debris disposal	1,900	910	990
Equipment purchase	3,135	4,406	(1,271)
Equipment maintenance	14,756	26,204	(11,448)
Vehicle accessories	5,485	5,711	(226)
Vehicle maintenance	48,309	55,494	(7,185)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Public Works (Continued)			
Fuel/oil	\$ 26,000	\$ 30,287	\$ (4,287)
Engineering	4,000	18,298	(14,298)
Park maintenance	7,964	4,204	3,760
Storm sewer maintenance	10,000	10,391	(391)
Building maintenance	28,901	30,429	(1,528)
Street light maintenance	96,965	81,858	15,107
Traffic signal maintenance	47,804	46,503	1,301
Lifeguards	29,106	24,163	4,943
Pest control	38,355	38,167	188
Mowing contract	80,757	94,434	(13,677)
Street sweeping	15,320	13,390	1,930
Tree replacement	3,000	1,290	1,710
Graffiti removal	1,697	1,585	112
Contractual services	71,760	107,188	(35,428)
Miscellaneous	973	949	24
Total Public Works	1,537,977	1,550,314	(12,337)
Total Expenditures	\$ 10,582,476	\$ 9,759,176	\$ 823,300

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Motor Fuel Tax Fund – to account for the activities involved with street maintenance and construction. Financing is provided by the Village's share of state gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

Cultural and Civic Center – The Cultural and Civic Center Fund (hereinafter Civic Center Fund) isolates the revenues and expenditures of the Round Lake Beach Cultural and Civic Center, which offers services for individual events along with a full line of meeting and event services for businesses or corporations. The Civic Center is also used to host a variety of cultural performances and events.

TIF #3 Fund – to account for the resources generated by the TIF #3 area and their use in improving the area's infrastructure and economic development.

CAPITAL PROJECTS FUNDS

General Improvement Fund – to provide an accounting of the general capital improvements for the Village such as purchases of vehicles, major equipment and parkland development.

Village of Round Lake Beach, Illinois

Nonmajor Governmental Funds
 Combining Balance Sheet
 April 30, 2011

	Special Revenue			
	Motor Fuel Tax	Civic Center	TIF #3	Total
Assets				
Cash and investments	\$ 548,171	\$ 52,165	\$ 267,236	\$ 867,572
Receivables				
Property taxes	-	-	93,275	93,275
Other	-	2,560	-	2,560
Due from other governments	53,371	-	-	53,371
Total assets	<u>\$ 601,542</u>	<u>\$ 54,725</u>	<u>\$ 360,511</u>	<u>\$ 1,016,778</u>
Liabilities				
Accounts payable	\$ 475,318	\$ 6,268	\$ 7,811	\$ 489,397
Accrued payroll	-	1,357	-	1,357
Advances from other funds	-	92,824	-	92,824
Deposits payable	-	-	-	-
Retention payable	-	-	-	-
Unearned revenue	-	-	93,275	93,275
Total liabilities	<u>475,318</u>	<u>100,449</u>	<u>101,086</u>	<u>676,853</u>
Fund Balances				
Reserved for				
Capital projects	-	-	-	-
Streets and highways	126,224	-	-	126,224
Economic development	-	-	259,425	259,425
Unreserved	-	(45,724)	-	(45,724)
Total fund balances	<u>126,224</u>	<u>(45,724)</u>	<u>259,425</u>	<u>339,925</u>
Total liabilities and fund balances	<u>\$ 601,542</u>	<u>\$ 54,725</u>	<u>\$ 360,511</u>	<u>\$ 1,016,778</u>

<u>Capital Projects General Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 764,465	\$ 1,632,037
-	93,275
4,451	7,011
2,698	56,069
<u>\$ 771,614</u>	<u>\$ 1,788,392</u>

\$ 6,526	\$ 495,923
-	1,357
-	92,824
1,999	1,999
5,917	5,917
-	93,275
<u>14,442</u>	<u>691,295</u>

757,172	757,172
-	126,224
-	259,425
-	(45,724)
<u>757,172</u>	<u>1,097,097</u>
<u>\$ 771,614</u>	<u>\$ 1,788,392</u>

Village of Round Lake Beach, Illinois

**Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2011**

	Special Revenue			Total
	Motor Fuel Tax	Civic Center	TIF #3	
Revenues				
Taxes	\$ -	\$ -	\$ 111,779	\$ 111,779
Intergovernmental	842,107	-	-	842,107
Charges for services	-	79,559	-	79,559
Rental income	-	-	-	-
Interest	1,202	-	387	1,589
Miscellaneous	21,232	10,826	-	32,058
Total revenues	864,541	90,385	112,166	1,067,092
Expenditures				
Current				
General government	-	100,025	-	100,025
Debt service				
Principal	-	-	-	-
Interest and fiscal services	-	-	-	-
Capital outlay	1,247,717	-	67,846	1,315,563
Total expenditures	1,247,717	100,025	67,846	1,415,588
Excess (deficiency) of revenues over expenditures	(383,176)	(9,640)	44,320	(348,496)
Other financing sources (uses)				
Transfers out	(350,856)	-	-	(350,856)
Proceeds from capital leases	-	-	-	-
Total other financing sources (uses)	(350,856)	-	-	(350,856)
Net change in fund balances	(734,032)	(9,640)	44,320	(699,352)
Fund balances - beginning	860,256	(36,084)	215,105	1,039,277
Fund balances - ending	\$ 126,224	\$ (45,724)	\$ 259,425	\$ 339,925

Capital Projects General Improvement	Total Nonmajor Governmental Funds
\$ 294,545	\$ 406,324
46,306	888,413
-	79,559
79,403	79,403
685	2,274
43,961	76,019
<u>464,900</u>	<u>1,531,992</u>
29,575	129,600
169,940	169,940
7,857	7,857
460,792	1,776,355
<u>668,164</u>	<u>2,083,752</u>
<u>(203,264)</u>	<u>(551,760)</u>
-	(350,856)
170,487	170,487
<u>170,487</u>	<u>(180,369)</u>
(32,777)	(732,129)
<u>789,949</u>	<u>1,829,226</u>
<u>\$ 757,172</u>	<u>\$ 1,097,097</u>

Village of Round Lake Beach, Illinois

Special Revenue Funds

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

	TIF #2 Fund		Motor Fuel Tax Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
Revenues				
Taxes	\$ 2,050,000	\$ 2,218,673	\$ -	\$ -
Intergovernmental				
Allotments from state of Illinois	-	-	665,000	789,657
Federal subsidy	-	-	-	52,450
Charges for services	-	-	-	-
Interest on investments	2,500	1,690	5,000	1,202
Miscellaneous	-	-	-	21,232
Use of fund balance	-	-	604,169	-
Total revenues	<u>2,052,500</u>	<u>2,220,363</u>	<u>1,274,169</u>	<u>864,541</u>
Expenditures				
Current				
General government	-	-	-	-
Economic development	2,052,500	2,220,487	-	-
Debt service				
Principal	-	-	200,000	-
Interest and fiscal services	-	-	97,407	-
Capital outlay	-	-	976,762	1,247,717
Total expenditures	<u>2,052,500</u>	<u>2,220,487</u>	<u>1,274,169</u>	<u>1,247,717</u>
Excess (deficiency) of revenues over expenditures	-	(124)	-	(383,176)
Other financing uses				
Transfer out	-	-	-	(350,856)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,856)</u>
Net change in fund balance	<u>\$ -</u>	<u>(124)</u>	<u>\$ -</u>	<u>(734,032)</u>
Fund balance - beginning		<u>713</u>		<u>860,256</u>
Fund balance - ending		<u>\$ 589</u>		<u>\$ 126,224</u>

Civic Center Fund		TIF #3 Fund	
Original and Final Budget	Actual	Original and Final Budget	Actual
\$ -	\$ -	\$ 125,000	\$ 111,779
-	-	-	-
-	-	-	-
62,878	79,559	-	-
-	-	250	387
46,865	10,826	-	-
-	-	214,971	-
<u>109,743</u>	<u>90,385</u>	<u>340,221</u>	<u>112,166</u>
109,743	100,025	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	340,221	67,846
<u>109,743</u>	<u>100,025</u>	<u>340,221</u>	<u>67,846</u>
-	(9,640)	-	44,320
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>(9,640)</u>	<u>\$ -</u>	<u>44,320</u>
	<u>(36,084)</u>		<u>215,105</u>
	<u>\$ (45,724)</u>		<u>\$ 259,425</u>

Village of Round Lake Beach, Illinois

Debt Service Funds

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

	TIF #1 Debt Service Fund		G.O. Bond Debt Service Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
Revenues				
Taxes	\$ 2,000,000	\$ 2,012,840	\$ 1,417,000	\$ 1,417,000
Intergovernmental	598,260	1,449,391	349,856	24,496
Interest on investments	40,000	42,130	4,484	2,693
Total revenues	2,638,260	3,504,361	1,771,340	1,444,189
Expenditures				
Debt service				
Principal	945,000	945,000	1,015,000	1,015,000
Interest and fiscal services	118,785	119,270	756,340	755,775
Total expenditures	1,063,785	1,064,270	1,771,340	1,770,775
Excess (deficiency) of revenues over expenditures	1,574,475	2,440,091	-	(326,586)
Other financing sources (uses)				
Transfer in	-	-	-	548,396
Transfer out	(1,574,475)	(2,575,443)	-	-
Total other financing sources (uses)	(1,574,475)	(2,575,443)	-	548,396
Net change in fund balance	\$ -	(135,352)	\$ -	221,810
Fund balance - beginning		2,308,948		2,566,776
Fund balance - ending		\$ 2,173,596		\$ 2,788,586

Village of Round Lake Beach, Illinois

Capital Projects Funds

Schedules of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

Year Ended April 30, 2011

	TIF #1 Capital Project Fund		Bond Capital Projects Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
Revenues				
Capital projects				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Rental income	-	-	-	-
Interest on investments	10,000	6,175	4,000	5,707
Miscellaneous	-	-	-	5,000
Use of fund balance	3,388,392	-	2,291,000	-
Total revenues	3,398,392	6,175	2,295,000	10,707
Expenditures				
Current				
General government	-	-	-	-
Economic development	12,500	4,563	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal services	-	-	-	-
Bond issue cost	-	-	15,520	60,000
Capital outlay	4,960,367	3,109,909	3,055,480	1,911,211
Total expenditures	4,972,867	3,114,472	3,071,000	1,971,211
Excess (deficiency) of revenues over expenditures	(1,574,475)	(3,108,297)	(776,000)	(1,960,504)
Other financing sources				
Transfer in	1,574,475	2,575,443	-	-
Bond issuance	-	-	776,000	3,000,000
Bond Premium	-	-	-	20,560
Proceeds from capital leases	-	-	-	-
Total other financing sources	1,574,475	2,575,443	776,000	3,020,560
Net change in fund balance	\$ -	(532,854)	\$ -	1,060,056
Fund balance - beginning		4,538,175		2,405,120
Fund balance - ending		\$ 4,005,321		\$ 3,465,176

General Improvement Fund	
Original and Final Budget	Actual
\$ 286,000	\$ 294,545
50,000	46,306
59,953	79,403
2,400	685
6,000	43,961
25,818	-
<u>430,171</u>	<u>464,900</u>
-	29,575
-	-
-	169,940
-	7,857
-	-
430,171	460,792
<u>430,171</u>	<u>668,164</u>
-	<u>(203,264)</u>
-	-
-	-
-	-
-	170,487
<u>-</u>	<u>170,487</u>
<u>\$ -</u>	<u>(32,777)</u>
	<u>789,949</u>
	<u>\$ 757,172</u>

Village of Round Lake Beach, Illinois

Waterworks and Sewerage Fund

Schedule of Revenues, Expenses and Changes in Net Assets
 - Budget and Actual
 Year Ended April 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
Operating revenues			
Charges for services	\$ 3,988,804	\$ 5,884,327	\$ 1,895,523
Tap on fees	92,000	47,757	(44,243)
Total operating revenues	<u>4,080,804</u>	<u>5,932,084</u>	<u>1,851,280</u>
Operating expenses			
Administration	827,121	891,074	(63,953)
Operations	<u>3,564,995</u>	<u>4,962,888</u>	<u>(1,397,893)</u>
Total operating expenses	<u>4,392,116</u>	<u>5,853,962</u>	<u>(1,461,846)</u>
Operating income (loss) before depreciation	(311,312)	78,122	389,434
Depreciation	<u>-</u>	<u>550,619</u>	<u>550,619</u>
Operating income (loss)	<u>(311,312)</u>	<u>(472,497)</u>	<u>(161,185)</u>
Nonoperating revenues (expenses)			
Interest income	46,500	15,483	(31,017)
Interest expense	(53,501)	(53,501)	-
Grant revenue	318,313	218,313	(100,000)
Miscellaneous revenue	<u>-</u>	<u>14,751</u>	<u>14,751</u>
Total nonoperating revenues (expenses)	<u>311,312</u>	<u>195,046</u>	<u>(116,266)</u>
Income (loss) before contributions and transfers	-	(277,451)	(277,451)
Contributions and transfers	<u>-</u>	<u>1,760,887</u>	<u>1,760,887</u>
Change in net assets	<u>\$ -</u>	<u>1,483,436</u>	<u>\$ 1,483,436</u>
Net assets			
Beginning		<u>14,276,954</u>	
Ending		<u>\$ 15,760,390</u>	