

Village of Round Lake Beach, Illinois

Annual Financial Report

Year Ended April 30, 2010

Village of Round Lake Beach, Illinois

Annual Financial Report
Year Ended April 30, 2010

INTRODUCTORY SECTION

Village of Round Lake Beach, Illinois

Annual Financial Report

Year Ended April 30, 2010

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

April 30, 2010

Legislative

Village Board of Trustees

Richard Hill, Village President

Jerry Mattingly

Tom Smith

Judy Armstrong

Larry Mount

Susan Butler

Sylvia Valadez

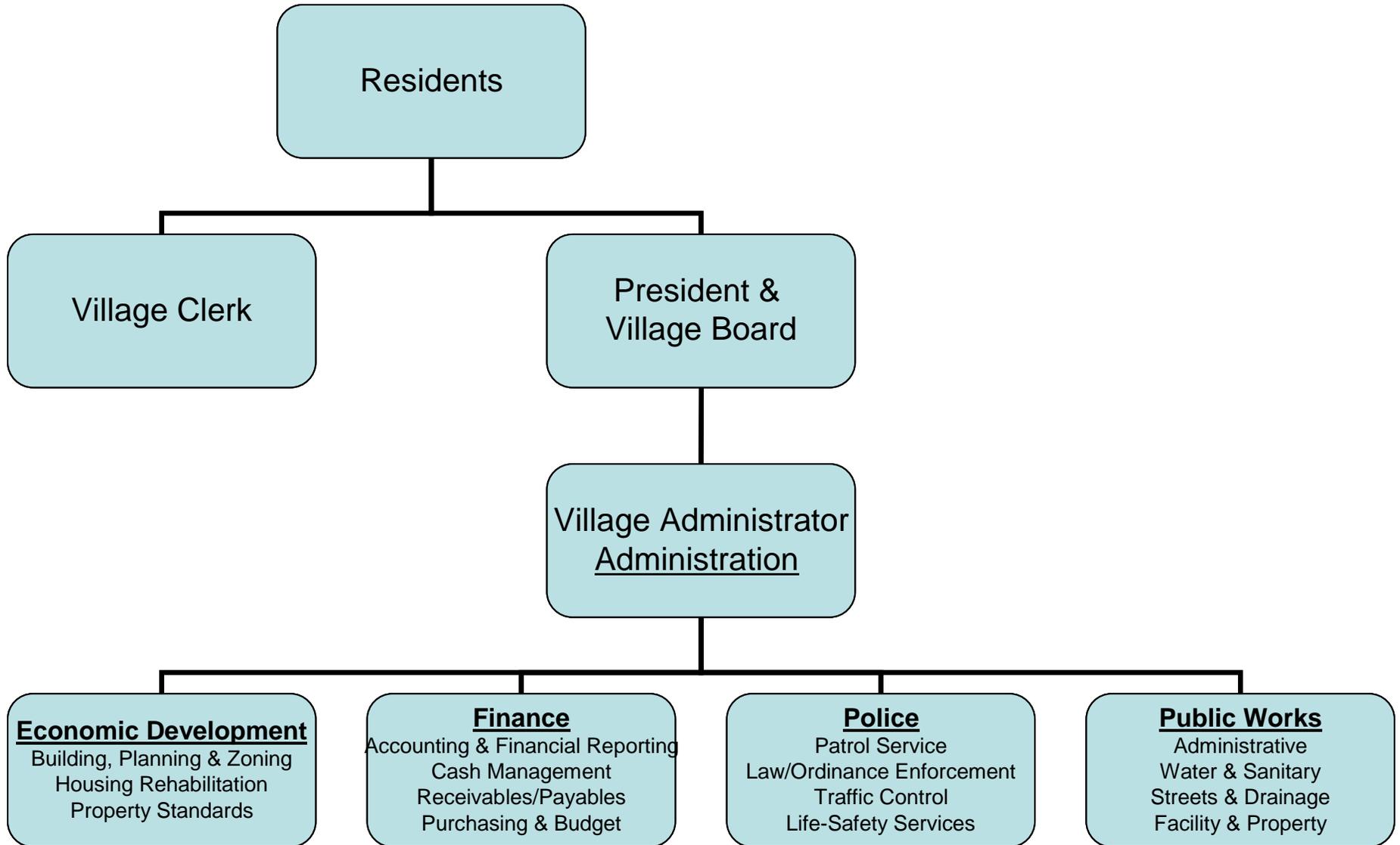
Administration

David Kilbane, Village Administrator

Department of Finance

Patrice Sutton Burger, 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, 2010, 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 72% of total assets and 46% 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, 2010, 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 14, 2010

**Village of Round Lake Beach, Illinois
Management's Discussion and Analysis
April 30, 2010**

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, 2010. It is intended to be read in conjunction with the financial statements.

Financial Highlights

- The Village's net assets increased by \$1,466,712 (1.3%) during the fiscal year ended April 30, 2010.
- The governmental activities net assets increased by \$2,255,274 (2.3%) to \$99,671,048. Business-type activities net assets decreased by \$808,562 (5.4%) to \$14,276,954.
- The Village reported a combined fund balance of the governmental funds of \$19,588,644, an increase of 7.4% or \$1,348,513.
- The Village's General Fund reported a decrease in fund balance of \$653,346 (9.9%) to \$5,939,686.
- Operations funded by the Village's General Fund cost \$319,670 (3.0%) more than in Fiscal Year 2009, while General Fund revenues decreased by 4.3% or \$422,157 compared to the prior fiscal year.
- The Village's General Fund actual revenues were short of the budgeted amounts by 12.2% and the actual expenditures were under the budgeted amounts by 6.1%.
- The Village's Total Government outstanding debt increased by 5.5% compared to Fiscal Year 2009, due to the issuance of the Series 2009 Build America 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, economic/community 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, 2010

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, and the Bond Capital Projects Fund. Five other funds are summarized under the heading, "Non-Major Funds." Individual fund data for these funds is provided in the combining statements and schedules on pages 78 - 86.

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 Net Assets and the Statement of Changes in Fiduciary 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 \$113,948,002 at the end of the most recent fiscal year.

Nearly eighty-three percent of total net assets is invested in capital assets, net of related debt, while 11.4% is restricted in its use by external sources. The remaining 6% 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, 2010

The following table reflects the condensed Statement of Net Assets, comparing April 30, 2010, to April 30, 2009.

Village of Round Lake Beach – Net Assets

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$ 28,996,820	\$ 27,001,967	\$ 6,344,691	\$ 7,298,048	\$ 35,341,511	\$ 34,300,015
Capital Assets	106,052,554	103,888,120	11,851,403	11,928,158	117,903,957	115,816,278
Total Assets	135,049,374	130,890,087	18,196,094	19,226,206	153,245,468	150,116,293
Liabilities						
Current Liabilities	10,151,667	9,717,098	1,593,718	1,780,662	11,745,385	11,497,760
Non-current Liabilities	25,226,659	23,757,215	2,325,422	2,360,028	27,552,081	26,117,243
Total Liabilities	35,378,326	33,474,313	3,919,140	4,140,690	39,297,466	37,615,003
Net Assets						
Invested in Capital Assets, Net of Debt	84,449,620	79,851,265	9,682,487	9,645,944	94,132,107	89,497,209
Restricted	12,955,413	11,647,100	-	-	12,955,413	11,647,100
Unrestricted	2,266,015	5,917,409	4,594,467	5,439,572	6,860,482	11,356,981
Total Net Assets	\$ 99,671,048	\$ 97,415,774	\$ 14,276,954	\$ 15,085,516	\$ 113,948,002	\$ 112,501,290

Village of Round Lake Beach, Illinois
Management's Discussion and Analysis (Continued)
April 30, 2010

The following table shows the revenues and expenses of the Village's activities, broken out by type, comparing Fiscal Year 2010 to Fiscal Year 2009.

Changes in Net Assets for the Fiscal Years ended April 30, 2010 and 2009

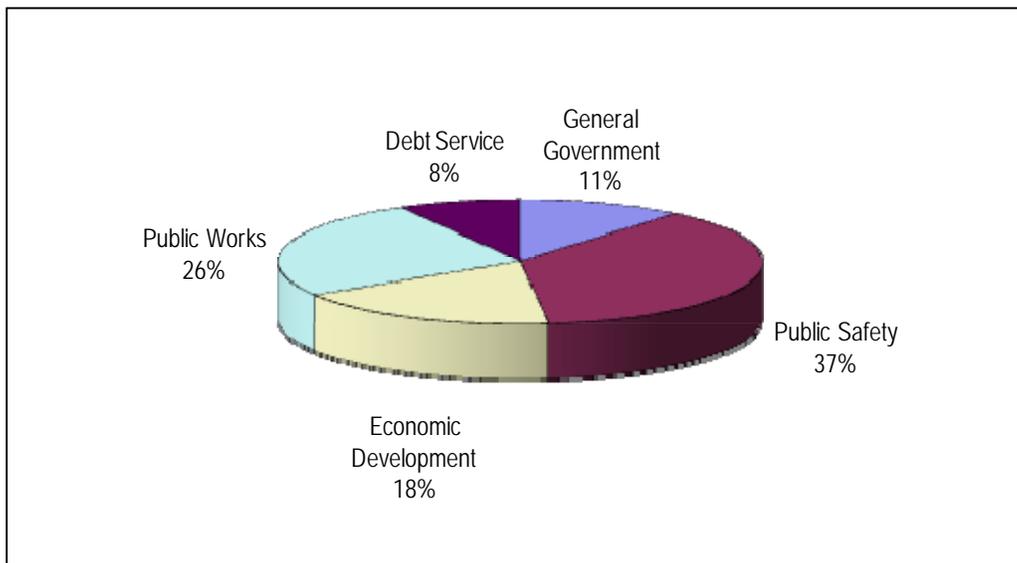
	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Service	\$ 1,289,426	\$ 1,277,333	\$ 5,655,864	\$ 3,990,272	\$ 6,945,290	\$ 5,267,605
Operating Grants	738,145	719,462	-	-	738,145	719,462
Capital Grants/Contributions	-	96,253	85,000	1,549,683	85,000	1,645,936
Taxes						
Property Taxes	6,835,234	6,295,538	-	-	6,835,234	6,295,538
Sales Taxes	5,359,407	5,014,792	-	-	5,359,407	5,014,792
Other Revenue	4,287,652	5,133,179	60,286	93,028	4,347,938	5,226,207
Total Revenues	18,509,864	18,536,557	5,801,150	5,632,983	24,311,014	24,169,540
Expenses						
General government	1,812,087	1,644,926	-	-	1,812,087	1,644,926
Public safety	6,021,289	6,325,907	-	-	6,021,289	6,325,907
Economic development	2,915,310	4,704,634	-	-	2,915,310	4,704,634
Public works	4,165,802	2,818,113	-	-	4,165,802	2,818,113
Debt Service	1,340,102	1,213,814	-	-	1,340,102	1,213,814
Water	-	-	6,609,712	4,233,428	6,609,712	4,233,428
Total Expenses	16,254,590	16,707,394	6,609,712	4,233,428	22,864,302	20,940,822
Excess (Deficiency)	2,255,274	1,829,163	(808,562)	1,399,555	1,446,712	3,228,718
Net Assets						
Beginning of Year	97,415,774	95,586,611	15,085,516	13,685,961	112,501,290	109,272,572
Total Net Assets - End of Year	\$ 99,671,048	\$ 97,415,774	\$ 14,276,954	\$ 15,085,516	\$ 113,948,002	\$ 112,501,290

In the governmental activities, total revenues decreased by a slight \$26,693 (0.1%) compared to Fiscal Year 2009. There was a significant decline in the "Other Revenue" category, which declined by 16.5%. "Other Revenue" includes income tax, utility taxes, amusement tax, use tax, and investment income, along with other miscellaneous income. The most significant declines in this category were income taxes, which declined by \$408,690 and investment income which declined by \$211,977. Income taxes declined due to the overall decline in the economy, along with a change in accounting for income tax accruals resulting in only 11 months of revenue being reported this year. Investment income declined because of decreased interest rates compared to 2009. Sales tax, including the municipal share of the state income tax along with the home rules sales tax, increased by \$344,615 or 6.9% due to a change in accounting for sales tax accruals resulting in 13 months of revenue being reported this year. These increases were accompanied by slightly increased revenue in Charges for Service and Property Taxes, compared to Fiscal Year 2009.

Governmental activity expenses decreased by \$452,804 compared to Fiscal Year 2009, or 2.7%. A significant increase in the Public Works category of 47.8% was offset by significant decreases in the Public Safety and Economic Development categories of 4.8% and 38.0%, respectively.

The breakdown of expenses by type in the Governmental funds for fiscal year 2010 is shown in the chart below.

Percentage of Governmental Activity Expenses by Function



For business-type activities (the Water and Sewer Fund), revenues increased 3.0% while expenditures increased 56.1% compared with Fiscal Year 2009. Both the revenue and expenditure side show significant growth due to a change in accounting practice such that the Lake County Sewer pass-through usage charge is shown as both revenue and offsetting expense to the Village for the first time in Fiscal Year 2010. The revenue increase is offset by the lack of any capital contributions in Fiscal Year 2010, accounting for a decrease in the Capital Grants/Contributions category of 94.5%.

The detailed revenues and expenditures compared to their budgeted amounts can be found in the Supplementary Information section on page 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, 2010, the governmental funds reported a combined fund balance of \$19,588,644, which is a 7.4% increase over Fiscal Year 2009. The biggest increases in fund balance occurred in the TIF #1 Debt Service Fund, which increased by 30.0%, and the Bond Capital Projects Fund, which increased by 2329.0%. The TIF #1 Debt Service Fund was intentionally built up to ensure the Village's ability to pay debt service on the TIF bonds despite the ailing economy. The Series 2009 bond proceeds caused the significant increase in the Bond Capital Projects Fund.

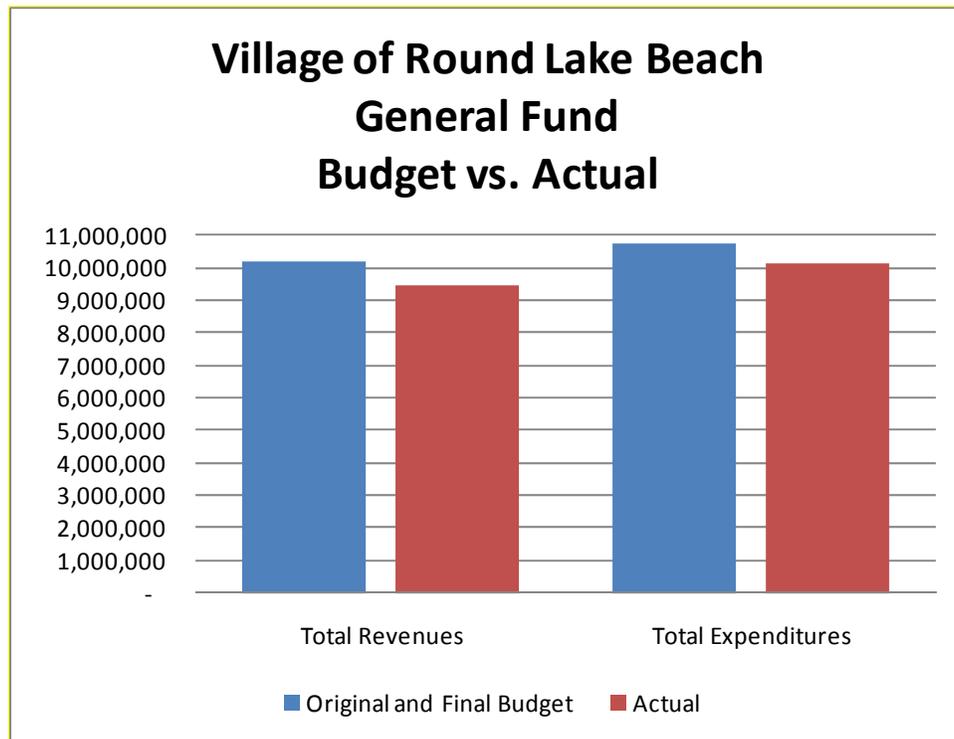
Of the total fund balance, \$5,493,321 is unreserved, meaning that it is available for ongoing Village services. The unreserved fund balance decreased by \$645,901 (10.5%) over Fiscal Year 2009. Of the remaining fund balance, \$4,055,325 is reserved for capital projects and street improvements; \$7,062,941 is reserved for economic development; \$2,566,776 is reserved for debt service; \$96,639 is reserved for advances and prepaid expenses; and \$313,642 is reserved for property held for resale.

**Village of Round Lake Beach, Illinois
 Management's Discussion and Analysis (Continued)
 April 30, 2010**

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund decreased by \$653,346 or 9.9% for the first time in over six years, due to significantly declining revenues resulting from the economy.

General Fund Budgetary Highlights

The chart below shows how the Fiscal Year 2010 actual revenues and expenses compared to the approved budget.



The General Fund actual revenues and other financing sources fell short of the original budgeted amounts by \$1,308,170 for Fiscal Year 2010. Revenue sources that fell significantly short of the budgeted amounts were income tax (\$554,672 or 23.3% short of budget), use tax (\$72,269 or 18.9% short of budget), and utility taxes (\$203,452 or 17.4% short of budget). As discussed earlier, the decline in income tax was a combination of the impact of the decline in the economy, along with a change in accounting which resulted in only 11 months of revenue reported for FY 2010. 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 \$554,860 shortfall.

The General Fund's total actual expenditures were \$654,824 under the General Fund budgeted amount of \$10,764,302. Public Safety came in \$402,640 under budget, due to staff reorganization and not operating at authorized strength. 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 \$337,893 in unspent budget in the Economic Development category. Unanticipated costs in other categories offset some of these savings.

Village of Round Lake Beach, Illinois
Management's Discussion and Analysis (Continued)
April 30, 2010

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, 2010, amounts to \$117,903,957 (Note 4). This is a \$2,087,679 (1.8%) increase over Fiscal Year 2009.

Summary of Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Land	\$ 4,734,151	\$ 4,584,247	\$ 79,258	\$ 79,258	\$ 4,813,409	\$ 4,663,505
Buildings	9,910,525	9,970,724	306,691	319,747	10,217,216	10,290,471
Wells and pumping stations	-	-	443,798	497,368	443,798	497,368
Sewer and water system	-	-	10,245,480	10,645,919	10,245,480	10,645,919
Infrastructure	80,716,198	81,739,879	-	-	80,716,198	81,739,879
Equipment, furniture, vehicles	1,020,937	1,071,080	195,883	244,999	1,216,820	1,316,079
Land improvements	6,363,895	3,407,264	-	-	6,363,895	3,407,264
Construction in progress	3,306,848	3,114,926	580,293	140,867	3,887,141	3,255,793
Net Capital Assets	\$ 106,052,554	\$ 103,888,120	\$ 11,851,403	\$ 11,928,158	\$ 117,903,957	\$ 115,816,278

Debt Outstanding

The Village had a total of \$27,552,081 in debt outstanding as of April 30, 2010. This is a \$1,434,838 (5.5%) increase over last year. The Series 2009 General Obligation Bond resulted in 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 \$17,915,000 represents 4.057% of the Village's equalized assessed valuation of \$441,613,595.

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

Debt Outstanding as of April 30, 2010 and April 30, 2009

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 17,915,000	\$ 15,275,000	\$ -	\$ -	\$ 17,915,000	\$ 15,275,000
TIF Revenue Bonds	2,490,000	3,375,000	-	-	2,490,000	3,375,000
Incremental sales tax revenue notes payable	3,842,013	4,149,435	-	-	3,842,013	4,149,435
Leases payable	291,912	199,881	-	-	291,912	199,881
Compensated absences	290,436	267,842	75,815	77,814	366,251	345,656
Net pension obligations	79,281	296,714	-	-	79,281	296,714
Net other postemployment obligation benefits	318,017	193,343	80,691	-	398,708	193,343
Illinois EPA loan payable	-	-	2,168,916	2,282,214	2,168,916	2,282,214
Total Outstanding Debt	\$ 25,226,659	\$ 23,757,215	\$ 2,325,422	\$ 2,360,028	\$ 27,552,081	\$ 26,117,243

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

Economic Factors and Next Year's Budget

The declining revenues that have plagued the Village starting in Fiscal Year 2009 and worsening in Fiscal Year 2010 are expected to continue into Fiscal Year 2011 and even beyond, as the impact of lower assessed values impact property tax revenue and TIF increment revenue made available for capital improvement projects. The result of streamlined delivery of services and operating cuts made by all departments made it possible to keep the Fiscal Year 2011 operating budgets flat compared to Fiscal Year 2010 to match the stagnant revenues and balance the budget.

The balanced budget for Fiscal Year 2011 includes a total in all funds of \$40,940,259 in revenues and expenses. This is a 31.4% increase over the Fiscal Year 2010 budget, primarily due to a 67.6% increase 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 \$14 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, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 18,663,105	\$ 4,856,554	\$ 23,519,659
Receivables			
Property taxes	6,783,247	-	6,783,247
Accounts	-	1,437,196	1,437,196
Other	402,539	45,877	448,416
Prepaid items	3,815	5,064	8,879
Due from other governments	2,359,921	-	2,359,921
Property held for resale	313,642	-	313,642
Net deferred bond issuance costs	470,551	-	470,551
Capital assets			
Capital assets not being depreciated	8,040,999	659,551	8,700,550
Capital assets (net of accumulated depreciation)	98,011,555	11,191,852	109,203,407
Total assets	<u>135,049,374</u>	<u>18,196,094</u>	<u>153,245,468</u>
Liabilities			
Accounts payable	745,869	307,009	1,052,878
Sewer fees payable to Lake County	-	403,132	403,132
Accrued payroll	185,875	44,845	230,720
Accrued interest payable	1,650,392	-	1,650,392
Other payables and accrued liabilities	549,439	44,078	593,517
Line of credit payable	236,846	-	236,846
Refundable deposits	-	734,654	734,654
Unearned revenue	6,783,246	60,000	6,843,246
Long-term debt			
Due within one year	2,700,348	191,964	2,892,312
Due in more than one year	22,526,311	2,133,458	24,659,769
Total liabilities	<u>35,378,326</u>	<u>3,919,140</u>	<u>39,297,466</u>
Net Assets			
Invested in capital assets, net of related debt	84,449,620	9,682,487	94,132,107
Restricted	12,955,413	-	12,955,413
Unrestricted	2,266,015	4,594,467	6,860,482
Total net assets	<u>\$ 99,671,048</u>	<u>\$ 14,276,954</u>	<u>\$ 113,948,002</u>

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Activities
Year Ended April 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,812,087	\$ 590,500	\$ 9,950	\$ -
Public safety	6,021,289	589,924	-	-
Economic development	2,915,310	103,855	30,000	-
Public works	4,165,802	5,147	698,195	-
Interest	1,340,102	-	-	-
Total governmental activities	16,254,590	1,289,426	738,145	-
Business-type activities				
Water and sewer	6,609,712	5,655,864	-	85,000
Total	\$ 22,864,302	\$ 6,945,290	\$ 738,145	\$ 85,000

General revenues
 Taxes
 Property
 Local sales tax
 Telecommunications
 Utility
 Amusement
 Intergovernmental
 Income tax
 Sales tax
 Use tax
 Personal property replacement tax
 Investment income
 Miscellaneous
 Total general revenues

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
\$ (1,211,637)	\$ -	\$ (1,211,637)
(5,431,365)	-	(5,431,365)
(2,781,455)	-	(2,781,455)
(3,462,460)	-	(3,462,460)
(1,340,102)	-	(1,340,102)
<u>(14,227,019)</u>	<u>-</u>	<u>(14,227,019)</u>
-	(868,848)	(868,848)
<u>(14,227,019)</u>	<u>(868,848)</u>	<u>(15,095,867)</u>
6,835,234	-	6,835,234
1,195,589	-	1,195,589
903,629	-	903,629
826,337	-	826,337
330,864	-	330,864
1,826,254	-	1,826,254
4,163,818	-	4,163,818
309,731	-	309,731
12,651	-	12,651
78,186	24,781	102,967
-	35,505	35,505
<u>16,482,293</u>	<u>60,286</u>	<u>16,542,579</u>
2,255,274	(808,562)	1,446,712
<u>97,415,774</u>	<u>15,085,516</u>	<u>112,501,290</u>
<u>\$ 99,671,048</u>	<u>\$ 14,276,954</u>	<u>\$ 113,948,002</u>

Village of Round Lake Beach, Illinois

**Balance Sheet - Governmental Funds
April 30, 2010**

	General Fund	TIF #2 Special Revenue Fund	TIF #1 Debt Service Fund
Assets			
Cash and investments	\$ 4,423,498	\$ 713	\$ 1,982,448
Receivables			
Property taxes	2,435,646	2,221,745	2,013,859
Other	359,708	-	20,007
Due from other governments	1,910,275	-	306,833
Advances to other funds	92,824	-	-
Prepaid items	3,815	-	-
Property held for resale	313,642	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 9,539,408</u>	<u>\$ 2,222,458</u>	<u>\$ 4,323,147</u>
Liabilities			
Accounts payable	\$ 228,375	\$ -	\$ 340
Accrued payroll	184,765	-	-
Advances from other funds	-	-	-
Deposits payable	77,741	-	-
Retention payable	-	-	-
Unearned revenue	2,871,995	2,221,745	2,013,859
Line of credit payable	236,846	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>3,599,722</u>	<u>2,221,745</u>	<u>2,014,199</u>
Fund Balances			
Reserved for			
Capital projects	-	-	-
Streets and highways	-	-	-
Economic development	-	713	2,308,948
Debt service	-	-	-
Advances	92,824	-	-
Prepaid items	3,815	-	-
Property held for resale	313,642	-	-
Unreserved - General fund	5,529,405	-	-
Unreserved - Special Revenue funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>5,939,686</u>	<u>713</u>	<u>2,308,948</u>
Total liabilities and fund balances	<u>\$ 9,539,408</u>	<u>\$ 2,222,458</u>	<u>\$ 4,323,147</u>

See Notes to Financial Statements.

TIF #1 Capital Projects Fund	Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,093,961	\$ 2,760,557	\$ 4,401,928	\$ 18,663,105
-	-	111,997	6,783,247
-	-	22,824	402,539
-	-	142,813	2,359,921
-	-	-	92,824
-	-	-	3,815
-	-	-	313,642
<u>\$ 5,093,961</u>	<u>\$ 2,760,557</u>	<u>\$ 4,679,562</u>	<u>\$ 28,619,093</u>
\$ 300,021	\$ 152,041	\$ 65,092	\$ 745,869
-	-	1,110	185,875
-	-	92,824	92,824
-	-	1,999	79,740
255,765	203,396	10,538	469,699
-	-	111,997	7,219,596
-	-	-	236,846
<u>555,786</u>	<u>355,437</u>	<u>283,560</u>	<u>9,030,449</u>
-	2,405,120	789,949	3,195,069
-	-	860,256	860,256
4,538,175	-	215,105	7,062,941
-	-	2,566,776	2,566,776
-	-	-	92,824
-	-	-	3,815
-	-	-	313,642
-	-	-	5,529,405
-	-	(36,084)	(36,084)
<u>4,538,175</u>	<u>2,405,120</u>	<u>4,396,002</u>	<u>19,588,644</u>
<u>\$ 5,093,961</u>	<u>\$ 2,760,557</u>	<u>\$ 4,679,562</u>	<u>\$ 28,619,093</u>

Village of Round Lake Beach, Illinois

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
April 30, 2010**

Total fund balances-governmental funds	\$ 19,588,644
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	436,350
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	106,052,554
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	470,551
General obligation bonds payable	(17,915,000)
TIF revenue bonds	(2,490,000)
Incremental sales tax revenue notes payable	(3,842,013)
Leases payable	(291,912)
Compensated absences	(290,436)
Net other postemployment benefits obligation	(318,017)
Net pension obligation	(79,281)
Accrued interest payable	(1,650,392)
	<hr/>
Net assets of governmental activities	<u>\$ 99,671,048</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, 2010

	General Fund	TIF #2 Special Revenue Fund	TIF #1 Debt Service Fund
Revenues			
Taxes	\$ 3,877,452	\$ 2,139,546	\$ 2,057,148
Intergovernmental	4,430,570	-	1,611,253
Licenses and permits	440,621	-	-
Fines	505,454	-	-
Interest	18,986	1,621	42,207
Charges for services	107,180	-	-
Rental income	-	-	-
Miscellaneous	75,869	-	-
Total revenues	9,456,132	2,141,167	3,710,608
Expenditures			
Current			
General government	1,301,681	-	-
Public safety	6,015,449	-	-
Economic development	742,452	2,141,195	-
Public works	1,692,656	-	-
Debt service			
Principal	261,301	-	885,000
Interest and fiscal services	59,427	-	160,423
Bond issue costs	36,512	-	-
Capital outlay	-	-	-
Total expenditures	10,109,478	2,141,195	1,045,423
Excess (deficiency) of revenues over expenditures	(653,346)	(28)	2,665,185
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	(2,132,897)
Proceeds from capital leases	-	-	-
Proceeds from sale of property held for resale	-	-	-
Proceeds from bond issuance	-	-	-
Bond discount	-	-	-
Total other financing sources (uses)	-	-	(2,132,897)
Net change in fund balances	(653,346)	(28)	532,288
Fund balances - beginning	6,593,032	741	1,776,660
Fund balances - ending	\$ 5,939,686	\$ 713	\$ 2,308,948

See Notes to Financial Statements.

TIF #1 Capital Projects Fund	Bond Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,857,015	\$ 9,931,161
-	-	737,195	6,779,018
-	-	-	440,621
-	-	-	505,454
6,897	3,327	5,148	78,186
-	-	69,533	176,713
-	-	74,010	74,010
-	-	12,482	88,351
<u>6,897</u>	<u>3,327</u>	<u>2,755,383</u>	<u>18,073,514</u>
-	-	123,474	1,425,155
-	-	-	6,015,449
14,051	-	4,013	2,901,711
-	-	-	1,692,656
46,121	-	1,158,999	2,351,421
1,577	-	780,882	1,002,309
-	73,844	57	110,413
<u>2,942,520</u>	<u>1,315,580</u>	<u>864,514</u>	<u>5,122,614</u>
<u>3,004,269</u>	<u>1,389,424</u>	<u>2,931,939</u>	<u>20,621,728</u>
<u>(2,997,372)</u>	<u>(1,386,097)</u>	<u>(176,556)</u>	<u>(2,548,214)</u>
2,132,897	-	454,466	2,587,363
-	-	(454,466)	(2,587,363)
-	-	196,030	196,030
-	-	8,498	8,498
-	3,695,000	-	3,695,000
-	(2,801)	-	(2,801)
<u>2,132,897</u>	<u>3,692,199</u>	<u>204,528</u>	<u>3,896,727</u>
(864,475)	2,306,102	27,972	1,348,513
<u>5,402,650</u>	<u>99,018</u>	<u>4,368,030</u>	<u>18,240,131</u>
<u>\$ 4,538,175</u>	<u>\$ 2,405,120</u>	<u>\$ 4,396,002</u>	<u>\$ 19,588,644</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, 2010**

Net change in fund balances-total governmental funds	\$ 1,348,513
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Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of these assets are capitalized and
depreciated over their estimated useful lives. This is the amount by
which capital outlays (\$3,955,951) exceeded depreciation expense (\$1,790,786)
and the loss on disposal (\$731) in the current period. 2,164,434

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. 2,351,421

Revenues in the Statement of Activities that do not provide current financial resources
are not reported as revenues in the funds. 436,350

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. (3,891,030)

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	19,700
Compensated absences	(22,594)
Net decrease in net pension	217,433
Net increase in other postemployment benefits	(124,674)
Accrued interest on debt	(244,279)

Change in net assets of governmental activities	<u><u>\$ 2,255,274</u></u>
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See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Net Assets - Proprietary Fund - Waterworks and Sewerage Fund
 April 30, 2010

Assets	
Current	
Cash and cash equivalents	\$ 4,856,554
Receivables	
Accounts - billed	257,627
Accounts - unbilled	1,174,171
Interest	5,398
Other	45,877
Prepaid items	5,064
Total current assets	<u>6,344,691</u>
Noncurrent assets	
Land	79,258
Construction in progress	580,293
Wells and pumping stations	443,798
Sewer and water system	10,245,480
Buildings	306,691
Other equipment	195,883
Total noncurrent assets	<u>11,851,403</u>
Total assets	<u>18,196,094</u>
Liabilities	
Current	
Accounts payable	307,009
Sewer fees payable to Lake County	403,132
Accrued payroll	44,845
Unearned revenue	60,000
Compensated absences payable	75,815
Refundable deposits	734,654
Retention payable	44,078
Current portion of loan payable	116,149
Total current liabilities	<u>1,785,682</u>
Noncurrent	
Other postemployment obligation	80,691
Loan payable	2,052,767
Total noncurrent liabilities	<u>2,133,458</u>
Total liabilities	<u>3,919,140</u>
Net Assets	
Invested in capital assets, net of related debt	9,682,487
Unrestricted	4,594,467
Total net assets	<u>\$ 14,276,954</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, 2010

Operating revenues	
Charges for services	\$ 5,561,239
Tap on fees	94,625
Total operating revenues	<u>5,655,864</u>
Operating expenses excluding depreciation	
Administration	985,835
Operations	5,044,792
Total operating expenses excluding depreciation	<u>6,030,627</u>
Operating income (loss) before depreciation	(374,763)
Depreciation	<u>522,733</u>
Operating loss	<u>(897,496)</u>
Nonoperating revenues (expenses)	
Interest income	24,781
Interest expense	(56,352)
Grant Revenue	85,000
Miscellaneous revenue	35,505
Total nonoperating revenues (expenses)	<u>88,934</u>
Change in net assets	(808,562)
Net assets - beginning	<u>15,085,516</u>
Net assets - ending	<u>\$ 14,276,954</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, 2010**

Cash flows from operating activities	
Receipts from customers and users	\$ 5,687,157
Payments to suppliers	(5,115,754)
Payments to employees	(991,417)
Net cash flows from operating activities	<u>(420,014)</u>
Cash flows from capital and related financing activities	
Capital assets purchased	(451,426)
Capital grants	85,000
Repayments on loan payable	(113,298)
Interest paid on capital debt	(56,352)
Net cash flows from capital and related financing activities	<u>(536,076)</u>
Cash flows from investing activities	
Interest on investments	<u>27,020</u>
Net decrease in cash and equivalents	(929,070)
Cash and equivalents - beginning	<u>5,785,624</u>
Cash and equivalents - ending	<u>\$ 4,856,554</u>
See Notes to Financial Statements.	(Continued)

Village of Round Lake Beach, Illinois

Statement of Cash Flows – Proprietary Fund - Continued
Waterworks and Sewerage Fund
Year Ended April 30, 2010

Reconciliation of operating loss to net cash flows from operating activities	
Operating loss	<u>\$ (897,496)</u>
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation	522,733
Loss on disposal of capital assets	5,448
Miscellaneous revenue	35,505
Changes in assets and liabilities	
Accounts receivable and other receivables	20,788
Prepaid items	1,260
Accounts payable	127,910
Sewer fees payable to Lake County	(344,275)
Refundable deposits	1,550
Retention payable	44,078
Unearned revenue	(25,000)
Accrued payroll	8,793
Compensated absences payable	(1,999)
Other postemployment obligation payable	80,691
Total adjustments	<u>477,482</u>
Net cash flows from operating activities	<u>\$ (420,014)</u>

See Notes to Financial Statements.

Village of Round Lake Beach, Illinois

Statement of Fiduciary Net Assets - Police Pension Fund
April 30, 2010

Assets

Cash and cash equivalents	\$ 617,403
Interest receivable	369
Prepaid insurance	<u>2,366</u>
	<u>620,138</u>
Investments, at fair value	
U.S. government obligations	91,773
Insurance company contracts	1,304,733
Mutual funds	<u>9,351,130</u>
	<u>10,747,636</u>
Total assets	11,367,774

Liabilities

Accrued expenses	<u>3,522</u>
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Net Assets

Held in trust for pension benefits	<u>\$ 11,364,252</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, 2010

Additions	
Contributions	
Employer	\$ 753,235
Employee	299,018
	<u>1,052,253</u>
Investment income	
Net appreciation in fair value of investments	950,684
Interest income	387,698
Less investment expenses	<u>(30,903)</u>
	<u>1,307,479</u>
Total additions	<u>2,359,732</u>
Deductions	
Administration	48,652
Pension benefits and refunds	<u>734,633</u>
Total deductions	<u>783,285</u>
Change in net assets	1,576,447
Net assets - beginning	<u>9,787,805</u>
Net assets - ending	<u>\$ 11,364,252</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 E 9-1-1 Joint Emergency Telephone System, CenCom E 9-1-1 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, 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.

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 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 and vehicles	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, 2010, the Village has the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 - 5
Illinois Funds	\$ 14,570,305	\$ 14,570,305	\$ -
Repurchase Agreement	717,000	-	717,000
Total investments	<u>\$ 15,287,305</u>	<u>\$ 14,570,305</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	\$ 15,287,305
Deposits	8,231,027
Cash on hand	<u>1,327</u>
Total deposits and investments per the entity-wide statement of net assets	<u><u>\$ 23,519,659</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 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, 2010, the Police Pension Fund has the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	Greater than 10
Insurance Company Contracts	\$ 1,304,733	\$ 1,304,733	\$ -	\$ -	\$ -
Government National Mortgage (GNMA)	9,433	-	1,579	2,569	5,285
Other U.S. Agency Securities	82,340	-	-	28,865	53,475
Mutual Fund Equities	<u>9,351,130</u>	<u>9,351,130</u>	-	-	-
Total investments	<u><u>\$ 10,747,636</u></u>	<u><u>\$ 10,655,863</u></u>	<u><u>\$ 1,579</u></u>	<u><u>\$ 31,434</u></u>	<u><u>\$ 58,760</u></u>

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, 2010, The Illinois Funds Money Market and Prime Funds 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, 2010, the Pension Fund had over 5% of net plan assets invested as follows:

Protective Life Platinum	\$ 1,304,733	11.48%
Vanguard	8,903,493	78.35%

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, 2010, 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 2009 property tax levy is recorded as a receivable and deferred revenue because it was levied to finance FY 2011 operations. Based upon collection histories, at April 30, 2010 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	\$ -	\$ 939,714	\$ -
Sewer fees	-	492,084	-
Accrued interest	21,037	5,398	369
Amusement tax	13,086	-	-
Utility tax	270,931	-	-
Miscellaneous	97,485	45,877	-
Total other receivables	<u>\$ 402,539</u>	<u>\$ 1,483,073</u>	<u>\$ 369</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	\$ 2,331,896
Lake County	<u>28,025</u>
Total due from other governments	<u>\$ 2,359,921</u>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended April 30, 2010 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	\$ 4,584,247	\$ 149,904	\$ -	\$ 4,734,151
Construction in progress	3,114,926	3,353,440	3,161,518	3,306,848
Total capital assets not being depreciated	<u>7,699,173</u>	<u>3,503,344</u>	<u>3,161,518</u>	<u>8,040,999</u>
Capital assets being depreciated:				
Buildings	11,553,151	233,969	-	11,787,120
Equipment, furniture and vehicles	2,881,957	272,607	49,208	3,105,356
Land improvements	3,730,983	3,107,549	-	6,838,532
Infrastructure	98,736,192	-	-	98,736,192
	<u>116,902,283</u>	<u>3,614,125</u>	<u>49,208</u>	<u>120,467,200</u>
Less accumulated depreciation for:				
Buildings	1,582,427	294,168	-	1,876,595
Equipment, furniture and vehicles	1,810,877	322,019	48,477	2,084,419
Land improvements	323,719	150,918	-	474,637
Infrastructure	16,996,313	1,023,681	-	18,019,994
	<u>20,713,336</u>	<u>1,790,786</u>	<u>48,477</u>	<u>22,455,645</u>
Total capital assets being depreciated, net	<u>96,188,947</u>	<u>1,823,339</u>	<u>731</u>	<u>98,011,555</u>
Governmental activities capital assets, net	<u>\$ 103,888,120</u>	<u>\$ 5,326,683</u>	<u>\$ 3,162,249</u>	<u>\$ 106,052,554</u>

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	140,867	567,241	127,815	580,293
Total capital assets not being depreciated	<u>220,125</u>	<u>567,241</u>	<u>127,815</u>	<u>659,551</u>
Capital assets being depreciated:				
Buildings	522,257	-	-	522,257
Wells and pumping stations	2,006,118	-	-	2,006,118
Sewer and water system	14,352,559	-	-	14,352,559
Equipment	1,287,631	12,000	632,426	667,205
	<u>18,168,565</u>	<u>12,000</u>	<u>632,426</u>	<u>17,548,139</u>
Less accumulated depreciation for:				
Buildings	202,510	13,056	-	215,566
Wells and pumping stations	1,508,750	53,570	-	1,562,320
Sewer and water system	3,706,640	400,439	-	4,107,079
Other equipment	1,042,632	55,668	626,978	471,322
	<u>6,460,532</u>	<u>522,733</u>	<u>626,978</u>	<u>6,356,287</u>
Total capital assets being depreciated, net	<u>11,708,033</u>	<u>(510,733)</u>	<u>5,448</u>	<u>11,191,852</u>
Business-type activities capital assets, net	<u>\$ 11,928,158</u>	<u>\$ 56,508</u>	<u>\$ 133,263</u>	<u>\$ 11,851,403</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	12,375
General government	242,184
Public safety	190,941
Public works	1,345,286
	<hr/>

Total depreciation expense - governmental activities	\$ 1,790,786
	<hr/> <hr/>

Business-type activities	
Water	\$ 522,733
	<hr/> <hr/>

(d) Construction Commitments

The value of construction contracts signed, where the work has not yet been performed at April 30, 2010, is as follows:

Water & Sewer Capital Projects Fund	\$ 239,856
	<hr/> <hr/>

Motor Fuel Tax Fund	\$ 237,496
	<hr/> <hr/>

Bond Capital Projects Fund	\$ 36,372
	<hr/> <hr/>

TIF #1 Capital Projects Fund	\$ 1,553,417
	<hr/> <hr/>

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 5. Interfund Advances (Internal Balances)

As of April 30, 2010, the Village reported the following interfund advances:

	Advance From	Advance To
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.

Funds	Transfers In	Transfers Out
TIF 1 Capital Projects	\$ 2,132,897	
TIF 1 Debt Service		\$ 2,132,897
Nonmajor governmental funds	454,466	
Nonmajor governmental funds		454,466
Total all funds	<u>\$ 2,587,363</u>	<u>\$ 2,587,363</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, 2010, 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, 2010, 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	\$ 262,650	\$ -	\$ 25,804	\$ 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, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds					
Series 2009	\$ -	\$ 3,695,000	\$ 270,000	\$ 3,425,000	\$ 200,000
Series 2006	3,495,000	-	145,000	3,350,000	150,000
Series 2004A	3,025,000	-	155,000	2,870,000	160,000
Series 2004	4,070,000	-	210,000	3,860,000	220,000
Series 2001	4,685,000	-	275,000	4,410,000	285,000
Total general obligation bonds payable	15,275,000	3,695,000	1,055,000	17,915,000	1,015,000
TIF Revenue Bonds Series 2003	3,375,000	-	885,000	2,490,000	945,000
Incremental sales tax revenue notes payable					
Series 1994	4,103,314	-	261,301	3,842,013	294,803
Series 2004	46,121	-	46,121	-	-
Total incremental sales tax revenue notes payable	4,149,435	-	307,422	3,842,013	294,803
Capital lease payable	199,881	196,030	103,999	291,912	155,109
Compensated absences*	267,842	342,516	319,922	290,436	290,436
Net pension obligation*	296,714	-	217,433	79,281	-
Net other postemployment obligation benefits*	193,343	190,754	66,080	318,017	-
Total governmental activities	\$ 23,757,215	\$ 4,424,300	\$ 2,954,856	\$ 25,226,659	\$ 2,700,348

*These liabilities are liquidated primarily by the General Fund

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	\$ 2,282,214	\$ -	\$ 113,298	\$ 2,168,916	\$ 116,149
Compensated absences	77,814	81,512	83,511	75,815	75,815
Net other postemployment obligation benefits	-	87,529	6,838	80,691	-
	<u>\$ 2,360,028</u>	<u>\$ 169,041</u>	<u>\$ 203,647</u>	<u>\$ 2,325,422</u>	<u>\$ 191,964</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 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 2004 and Series 1993 Sales Tax Revenue Notes Payable are made by the TIF #1 Capital Projects Fund and 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
2011	\$ 1,015,000	\$ 753,340	\$ 1,768,340
2012	1,045,000	718,945	1,763,945
2013	1,085,000	681,921	1,766,921
2014	1,125,000	641,744	1,766,744
2015	1,165,000	597,321	1,762,321
2016-2020	6,560,000	2,212,666	8,772,666
2021-2025	5,635,000	689,953	6,324,953
2026	285,000	12,255	297,255
	<u>\$ 17,915,000</u>	<u>\$ 6,308,145</u>	<u>\$ 24,223,145</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 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
2011	\$ 945,000	\$ 115,785	\$ 1,060,785
2012	495,000	71,843	566,843
2013	515,000	48,825	563,825
2014	535,000	24,878	559,878
	<u>\$ 2,490,000</u>	<u>\$ 261,331</u>	<u>\$ 2,751,331</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, 2010, the accumulated deficit is \$1,360,367 (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.

An Incremental Sales Tax Revenue Note was issued in February 2004 to finance the construction of certain infrastructure capital assets. The original loan amount of \$400,000 is secured by pledged sales tax revenue and is to be repaid over the earlier of a five-year time period or until the principal obligation is repaid. The annual interest rate on the note is 4.56% per annum. The annual required debt service payment is \$100,000 and is contingent upon the amount of pledged sales tax revenue collected. Payments in FY2010 amounted to \$47,699, representing approximately 50% of total incremental sales tax collections.

Annual debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2011	\$ 294,803	\$ 249,735	\$ 544,538
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
2016-2020	2,163,510	489,890	2,653,400
2021-2025*	-	1,270,986	1,270,986
	\$ 3,842,012	\$ 2,805,064	\$ 6,647,076

*Amount is for 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, 2010, the Village is obligated for future payments under non-cancellable vehicle leases as follows:

Year Ending April 30,	Payment on Capital Lease Obligation
2011	\$ 162,966
2012	66,377
2013	40,277
2014	<u>40,277</u>
	309,897
Less interest portion	<u>17,985</u>
	<u><u>\$ 291,912</u></u>

The cost of the capital assets acquired through capital lease is \$196,030, with accumulated depreciation of \$15,373 at April 30, 2010.

(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, 2010, including accrued construction period interest, is \$2,566,078 and the principal outstanding at April 30, 2010, is \$2,168,916.

Annual debt service requirements to maturity are as follows:

Year Ending April 30,	Principal	Interest	Total
2011	\$ 116,149	\$ 53,501	\$ 169,650
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
2016-2020	691,485	156,766	848,251
2021-2025	782,948	65,303	848,251
2026	83,778	1,047	84,825
	<u>\$ 2,168,916</u>	<u>\$ 460,661</u>	<u>\$ 2,629,577</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 is 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). At April 30, 2010, the Village is not aware of any liabilities for claims exceeding loss coverage provided through IML. Settled claims exceeded the insurance coverage for years prior to April 30, 2010, in the amount of \$89,658, which was paid to IML during FY2010.

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, 2010 (most recent information available) is as follows.

Current assets	\$ 7,478,789
Restricted assets	24,572,842
Capital assets	111,900,042
Deferred charges (net of amortization)	<u>1,334,737</u>
Total assets	<u>\$ 145,286,410</u>
Current liabilities	\$ 12,822,405
Long-term liabilities (net of amortization/accretion)	<u>125,244,154</u>
Total liabilities	<u>138,066,559</u>
Invested in capital assets - net of related debt	(21,374,656)
Restricted - bond covenants	11,583,885
Restricted - debt retirement	267,396
Restricted - rate stabilization	986,950
Unrestricted	<u>15,756,276</u>
Total net assets	<u>7,219,851</u>
Total liabilities and net assets	<u>\$ 145,286,410</u>

Summary of revenues, expenses and net income for CLCJAWA for the year ended April 30, 2010:

Total revenues	\$ 11,672,311
Total expenses	<u>9,782,773</u>
Net income	<u>\$ 1,889,538</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 as of April 30, 2009 (most recent information available) is as follows.

Current assets	\$	436,434
Capital assets (net of accumulated depreciation)		<u>177,275</u>
Total assets	\$	<u><u>613,709</u></u>
Net assets		
Invested in capital assets, net of related debt	\$	177,275
Restricted for E9-1-1 purposes		<u>436,434</u>
Total net assets	\$	<u><u>613,709</u></u>

Summary of revenues, expenses and changes in net assets for CenCom for the year ended April 30, 2009:

Total revenues	\$	396,578
Total expenses		<u>421,785</u>
Change in net assets	\$	<u><u>(25,207)</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 as of April 30, 2009 (most recent information available) is as follows.

Current assets	\$ 551,642
Capital assets	<u>514,163</u>
Total assets	<u>\$ 1,065,805</u>
Net assets	
Invested in capital assets, net of related debt	\$ 514,163
Unrestricted	<u>551,642</u>
Total net assets	<u>\$ 1,065,805</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, 2009:	
Total revenues	\$ 2,040,166
Total expenses	<u>1,703,698</u>
Change in net assets	<u>\$ 336,468</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

Summary Financial Information for SWALCO as of November 30, 2009 (most recent information available) is as follows.

Current assets	\$ 838,377
Capital assets (net of accumulated depreciation)	<u>1,497,516</u>
Total assets	<u>\$ 2,335,893</u>
Liabilities	
Current liabilities	<u>\$ 361,921</u>
Net assets	
Invested in capital assets, net of related debt	1,497,516
Restricted	120,000
Unrestricted	<u>356,456</u>
Total net assets	<u>1,973,972</u>
Total liabilities and net assets	<u>\$ 2,335,893</u>
Summary of revenues, expenses and changes in net assets for SWALCO for the year ended November 30, 2009:	
Total revenues	\$ 2,538,072
Total expenses	<u>2,631,041</u>
Change in net assets	<u>\$ (92,969)</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 employer contribution rate for calendar year 2009 was 6.13 percent of annual covered payroll. 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

For December 31, 2009, the Village's annual pension cost of \$158,261 for the regular plan was equal to the Village's required and actual contributions.

Three-Year Trend Information for the Regular Plan

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
12/31/2009	\$ 158,261	100 %	\$ -
12/31/2008	151,709	100	-
12/31/2007	156,782	100	-

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 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, 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 15% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 23 years.

Funding Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the regular plan was 84.95 percent funded. The actuarial accrued liability for benefits was \$6,285,993 and the actuarial value of assets was \$5,340,085, resulting in underfunded actuarial accrued liability (UAAL) of \$945,908. The covered payroll (annual payroll of active employees covered by the plan) was \$2,581,748 and the ratio of the UAAL to the covered payroll was 37 percent. In conjunction with the December 2009 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a 5-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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, 2010, 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>41</u>
Total	<u><u>60</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)	\$ 758,833
Interest on net pension obligation	-
Adjustment to net pension obligation	<u>(223,031)</u>
Annual pension cost (ARC)	535,802
Contributions made	<u>(753,235)</u>
Decrease in net pension obligation	(217,433)
Net pension obligation	
Beginning of year	<u>296,714</u>
End of year	<u><u>\$ 79,281</u></u>

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage of APC Contributed	Net Pension Asset (Obligation)
04/30/2010	\$ 758,833	99.26% %	\$ 79,281
04/30/2009	684,447	100.1	296,714
04/30/2008	714,985	82.0	277,303

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)
05/01/2009	\$ 9,787,805	\$ 19,891,428	\$ 10,103,623	49.21 %	\$ 2,750,717	367.31 %

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, 2009
Actuarial cost method	Entry age normal cost
Asset valuation method	Market
Amortization method	Level Percentage of Payroll
Amortization period	26 Years, Closed
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.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

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

Plan Description (Continued)

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

	Members
Retirees and beneficiaries receiving benefits	5
Active plan members	84
Total membership	89

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)	\$ 239,154
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	239,154
Contribution made	(33,789)
Increase in net OPEB obligation	205,365
Net OPEB obligation beginning of year	193,343
Net OPEB obligation end of year	\$ 398,708

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)

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2010 is as follows:

Trend Information - Other Postemployment Benefits				
Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2010	\$ 239,154	\$ 33,789	14.1%	\$ 398,708
4/30/2009	239,154	45,811	19.2%	193,343

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)	\$ 2,313,623
Actual value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 2,313,623</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>0.00%</u></u>
Covered payroll (active plan members)	<u><u>\$ 5,137,560</u></u>
UAAL as a percentage of covered payroll	<u><u>45.03%</u></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, 2009, (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.

Village of Round Lake Beach, Illinois

Notes to Financial Statements

Note 15. Restricted Net Assets

The government-wide statement of net assets reports \$12,955,413 of restricted net assets which consist of the following:

Roads (motor fuel tax allotments)	\$ 860,256
Debt service (real estate, state sales, home rule and utility taxes)	4,875,724
Northside resurfacing (Unused GO bond proceeds)	2,465,440
Economic development (TIF Funds)	4,753,993
	<hr/>
Total restricted net assets	\$ 12,955,413
	<hr/> <hr/>

Note 16. Stewardship, Compliance and Accountability

The Civic Center Fund had a net assets deficit of \$36,084 as of April 30, 2010. The Village plans to use current resources and possible financing from the General Fund to pay for future liabilities.

Note 17. New Governmental Accounting Standards

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

Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets. All intangible assets not specifically excluded by the scope of this Statement should be classified as capital assets. All existing authoritative guidance for capital assets should be applied to these intangible assets, as applicable. The Village is required to implement this Statement for the year ending April 30, 2011.

Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments*, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The Village is required to implement this Statement for the year ending April 30, 2011.

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.

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

Note 18. Subsequent Event

On July 26, 2010 the Village issued \$3,000,000 taxable General Obligation Bonds, Series 2010 (Recovery Zone Economic Development Bonds) which were settled on August 12, 2010. The Bonds were issued for the purposes of (i) providing funds for street improvements and other capital improvements; 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, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 3,999,138	\$ 3,877,452	\$ (121,686)
Intergovernmental	4,891,476	4,430,570	(460,906)
Licenses and permits	511,700	440,621	(71,079)
Fines	490,000	505,454	15,454
Interest	115,567	18,986	(96,581)
Charges for services	103,400	107,180	3,780
Miscellaneous	55,095	75,869	20,774
Use of fund balance	43,066	-	(43,066)
Total revenues	<u>10,209,442</u>	<u>9,456,132</u>	<u>(753,310)</u>
Expenditures			
General government			
Legislative	492,622	506,573	(13,951)
Boards and commissions	40,672	42,977	(2,305)
Administration	257,532	252,965	4,567
Village clerk	10,993	10,607	386
Finance	186,841	206,137	(19,296)
Village president's office	27,892	27,428	464
Insurance	583,974	612,234	(28,260)
Public safety	6,418,089	6,015,449	402,640
Economic development	1,144,268	742,452	401,816
Public works	1,601,419	1,692,656	(91,237)
Total expenditures	<u>10,764,302</u>	<u>10,109,478</u>	<u>654,824</u>
Excess (deficiency) of revenues over expenditures	<u>(554,860)</u>	<u>(653,346)</u>	<u>(98,486)</u>
Other financing sources (uses)			
Net proceeds from sale of property held for resale	360,000	-	(360,000)
Loan proceeds	194,860	-	(194,860)
	<u>554,860</u>	<u>-</u>	<u>(554,860)</u>
Net change in fund balance	<u>\$ -</u>	<u>(653,346)</u>	<u>\$ (653,346)</u>
Fund balance - beginning		<u>6,593,032</u>	
Fund balance - ending		<u>\$ 5,939,686</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, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Real estate taxes	\$ 1,925,000	\$ 2,139,546	\$ 214,546
Interest on investments	20,000	1,621	(18,379)
Total revenues	<u>1,945,000</u>	<u>2,141,167</u>	<u>196,167</u>
Expenditures			
Economic development			
TIF rebates	<u>1,945,000</u>	<u>2,141,195</u>	<u>(196,195)</u>
Net change in fund balance	<u>\$ -</u>	(28)	<u>\$ (28)</u>
Fund balance - beginning		<u>741</u>	
Fund balance - ending		<u>\$ 713</u>	

See Notes to Required Supplementary Information.

Village of Round Lake Beach, Illinois

Required Supplementary Information
Analysis of Funding Progress

April 30, 2010

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)
12/31/2009	\$ 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)
12/31/2004	4,907,514	4,479,678	(427,836)	109.55	1,991,709	(21.48)

Village of Round Lake Beach, Illinois

Required Supplementary Information
Analysis of Funding Progress

April 30, 2010

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)
05/01/2009	\$ 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
05/01/2004	8,526,103	13,324,397	4,798,294	63.99	2,185,061	219.60

Village of Round Lake Beach, Illinois

**Other Post-Employment Benefits
Required Supplementary Information
Year Ended April 30, 2010**

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)
4/30/2009	\$ -	\$ 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
4/30/2010	\$ 239,154	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 2009 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 2010.

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:			
Legislative	\$ 492,622	\$ 506,573	\$ (13,951)
Boards and Commissions	40,672	42,977	(2,305)
Finance	186,841	206,137	(19,296)
Insurance	583,974	612,234	(28,260)
Public Works	1,601,419	1,692,656	(91,237)
TIF #2 Special Revenue Fund	1,945,000	2,141,195	(196,195)
Civic Center Fund	104,898	116,612	(11,714)
General Obligation Debt Fund	1,418,614	1,418,656	(42)
Bond Capital Projects Fund	325,000	1,389,424	(1,064,424)
Waterworks and Sewerage Fund	5,230,917	6,030,627	(799,710)

In the General Fund, the excess of expenses over budgeted amounts in the Legislative department was due to higher-than-anticipated legal expenses. Legal expenses were also the cause for the slight excess of expenses over budgeted amounts in the Boards and Commissions budget. In the Finance Department, the excess of expenses over budget was in the area of financial consulting, for an unbudgeted but necessary financial study of the options for funding critical capital projects in the south and southwest portions of Round Lake Beach. The Village was required to make higher-than-expected insurance payments due to claim experience, which accounts for the excess spending in the Insurance area. Finally in the Public Works Department, the Village incurred higher than budgeted engineering expenses due to preliminary engineering on the south/southwest area capital projects and numerous grant applications for "stimulus" funds made available through the federal and state government. In addition, the Village outsourced some snowplowing and tree trimming services, which had not been budgeted.

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.

In the Civic Center Fund, program supplies for several new programs initiated during the fiscal year were unanticipated during the budget process. In addition, some unbudgeted equipment was purchased with grant funds received the prior year.

Village of Round Lake Beach, Illinois

Notes to Required Supplementary Information

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

In the General Obligation Debt Fund, the Village incurred minor administration costs associated with the Series 2009 bond issue, which had not been anticipated during the budget process.

The excess of expenditures over budget in the Bond Capital Projects Fund are costs for the north side repaving project, which was funded by the Series 2009 bond issue and was not included in the FY10 budget.

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 FY10 as a revenue or expense, so the actual revenue and expense for FY10 are both overstated by an offsetting amount. In addition, the Village took an unbudgeted loss on asset disposal, booked an unbudgeted OPEB expense for the first time, and had higher than expected insurance claims experience. Finally, depreciation expense is not budgeted. These expenses were offset by lower-than-expected capital project activity that had been budgeted in the Waterworks and Sewerage Fund.

SUPPLEMENTARY INFORMATION

Village of Round Lake Beach, Illinois

General Fund

Schedule of Revenues and Other Financing Sources - Budget and Actual
Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes			
Property tax			
Corporate fund	\$ 1,029,000	\$ 1,030,909	\$ 1,909
Liability insurance	188,000	187,013	(987)
Police protection	146,000	149,610	3,610
Auditing	34,000	35,065	1,065
IMRF	198,000	196,510	(1,490)
Road and bridge	34,000	33,912	(88)
Police pension	740,000	738,701	(1,299)
Total property tax	2,369,000	2,371,720	2,720
Other taxes			
Home rule	165,000	209,882	44,882
Telephone	538,000	455,757	(82,243)
Gas	245,000	136,130	(108,870)
Electric	385,438	373,099	(12,339)
Amusement	296,700	330,864	34,164
Total other taxes	1,630,138	1,505,732	(124,406)
Total taxes	3,999,138	3,877,452	(121,686)
Intergovernmental - Revenue from other agencies			
Sales tax	2,100,000	2,237,707	137,707
Use	382,000	309,731	(72,269)
Personal property replacement tax	15,750	12,651	(3,099)
Income tax	2,380,926	1,826,254	(554,672)
Grant revenue	5,000	39,950	34,950
Charitable game tax/license	-	410	410
Police training grant reimbursement	7,800	3,867	(3,933)
Total intergovernmental-revenue from other agencies	4,891,476	4,430,570	(460,906)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)
 Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Revenues (Cont.)			
Licenses and permits			
Business certificates	\$ 45,000	\$ 63,819	\$ 18,819
Liquor	25,000	27,910	2,910
Billboard licenses	1,000	1,350	350
Contractor application fee	7,000	5,550	(1,450)
Rental certification	36,000	49,250	13,250
Occupancy permits	18,500	21,225	2,725
Building permits	175,000	85,101	(89,899)
Cable TV franchise fee	150,000	134,170	(15,830)
Nicor gas franchise fee	49,000	47,246	(1,754)
Annex/ZBA/Plan	5,200	5,000	(200)
Total licenses and permits	511,700	440,621	(71,079)
Fines			
Police fines	390,000	401,571	11,571
State seizure revenue	-	-	-
DUI revenues	8,000	6,854	(1,146)
Tobacco enforcement	1,500	250	(1,250)
Towing revenues	68,000	76,325	8,325
False alarm	12,000	13,700	1,700
Building fines	10,500	6,754	(3,746)
Total fines	490,000	505,454	15,454
Interest	115,567	18,986	(96,581)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Revenues and Other Financing Sources - Budget and Actual (Continued)
Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Revenues (Cont.)			
Charges for services			
Police photocopy service	\$ 5,000	\$ 4,561	\$ (439)
Lien	19,500	42,531	23,031
Daily parking collections	29,000	33,101	4,101
Recycling rev-binds/SWALCO	24,400	5,147	(19,253)
Community event	25,000	21,840	(3,160)
Elevator inspections	500	-	(500)
Total charges for services	103,400	107,180	3,780
Miscellaneous			
Rental income	31,320	38,400	7,080
Miscellaneous	23,775	37,469	13,694
Total miscellaneous	55,095	75,869	20,774
Use of fund balance	43,066	-	(43,066)
Total revenues	10,209,442	9,456,132	(753,310)
Other Financing Sources			
Net proceeds from sale of property held for resale	360,000	-	(360,000)
Loan proceeds	194,860	-	(194,860)
Total other financing sources	554,860	-	(554,860)
Total revenues and other financing sources	\$ 10,764,302	\$ 9,456,132	\$ (1,308,170)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
General government			
Legislative			
Salaries - full time	\$ 28,800	\$ 28,800	\$ -
IMRF	1,990	1,658	332
FICA	1,785	1,786	(1)
Medicare	417	418	(1)
Village building stipend	3,600	3,600	-
Training	1,845	630	1,215
Travel/food	10,562	4,989	5,573
Dues and subscriptions	21,748	25,535	(3,787)
Employee recognition	16,900	3,906	12,994
Equipment purchase	-	333	(333)
Postage	50	279	(229)
Printing, advertising, publishing	1,775	2,243	(468)
Video service	5,200	5,355	(155)
Legal	378,000	408,237	(30,237)
Community events	12,450	10,568	1,882
Dollars for scholars	6,000	6,001	(1)
Miscellaneous	1,500	2,235	(735)
Total Legislative	492,622	506,573	(13,951)
Boards and Commissions			
Salaries - part time	3,720	2,930	790
FICA	164	122	42
Medicare	38	29	9
Training	1,700	620	1,080
Travel/food	600	958	(358)
Dues and subscriptions	375	375	-
Office supplies	325	168	157
Printing, advertising, publishing	1,040	1,781	(741)
Tech services	18,460	9,506	8,954
Legal	14,000	26,488	(12,488)
Miscellaneous	250	-	250
Total Boards and Commissions	40,672	42,977	(2,305)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)
Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
General Government (Continued)			
Administration			
Salaries - full time	\$ 169,394	\$ 165,459	\$ 3,935
Health insurance	33,228	33,688	(460)
IMRF	13,832	13,178	654
FICA	10,502	9,039	1,463
Medicare	2,456	2,270	186
Training	463	678	(215)
Travel/food	914	305	609
Dues and subscriptions	1,100	1,360	(260)
Office supplies	705	244	461
Telephone	1,200	586	614
Cellular phone	1,200	1,106	94
Postage	213	148	65
Printing, advertising, publishing	275	380	(105)
Village newsletter	14,260	13,703	557
Web page maintenance	1,680	5,087	(3,407)
Data processing	100	-	100
Payroll processing	3,850	4,503	(653)
Fuel/oil	1,200	1,180	20
Pre-employment background and testing	960	51	909
Total Administration	257,532	252,965	4,567
Village Clerk			
Salaries - full time	2,000	2,000	-
IMRF	138	140	(2)
FICA	124	124	-
Medicare	29	29	-
Training	180	245	(65)
Travel/food	477	1,597	(1,120)
Dues and subscriptions	240	165	75
Office supplies	525	229	296
Telephone	180	146	34
Postage	-	62	(62)
Printing, advertising, publishing	-	199	(199)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
General Government (Continued)			
Village Clerk (Continued)			
Codification	\$ 6,400	\$ 5,391	\$ 1,009
Archiving	700	280	420
Total Village Clerk	10,993	10,607	386
Finance			
Salaries - full time	76,403	79,352	(2,949)
Health insurance	8,417	8,466	(49)
IMRF	5,279	5,332	(53)
FICA	4,737	4,759	(22)
Medicare	1,109	1,113	(4)
Travel/food	160	194	(34)
Due and subscriptions	325	328	(3)
Office supplies	1,660	1,391	269
Telephone	2,010	1,868	142
Postage	830	771	59
Printing, advertising, publishing	1,423	1,417	6
Network support	32,000	35,850	(3,850)
Data processing	7,025	6,524	501
Cafeteria plan	570	630	(60)
Equipment maintenance	4,193	4,924	(731)
Liens	5,200	1,434	3,766
Auditor/financial consultant	35,500	51,784	(16,284)
Total Finance	186,841	206,137	(19,296)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
General Government (Continued)			
Village President's Office			
Salaries - full time	\$ 20,000	\$ 20,110	\$ (110)
IMRF	1,382	1,395	(13)
FICA	1,240	1,247	(7)
Medicare	290	292	(2)
Village building stipend	1,200	1,200	-
Training	500	211	289
Travel/food	2,130	2,268	(138)
Office supplies	-	67	(67)
Telephone	300	166	134
Printing, advertising, publishing	150	276	(126)
Liquor license background check	250	39	211
Data processing	200	-	200
Miscellaneous	250	157	93
Total Village President's Office	27,892	27,428	464
Financing and Insurance			
Liability insurance	96,592	103,404	(6,812)
Workers' compensation	115,442	134,770	(19,328)
Unemployment insurance	10,000	12,964	(2,964)
Postage	-	(58)	58
Bank fees	6,200	3,673	2,527
Miscellaneous	-	241	(241)
Interest	94,437	59,427	35,010
Principal	261,303	261,301	2
Bond issuance costs	-	36,512	(36,512)
Total Financing and Insurance	583,974	612,234	(28,260)
Total General Government	1,600,526	1,658,921	(58,395)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Public Safety			
Salaries - full time	\$ 3,618,539	\$ 3,313,895	\$ 304,644
Salaries - part time	8,000	7,454	546
Overtime	321,090	274,104	46,986
Health insurance	573,917	630,594	(56,677)
Police pension contribution	753,235	753,235	-
IMRF	40,262	24,291	15,971
FICA	33,130	24,427	8,703
Medicare	55,848	50,871	4,977
Training	13,725	6,568	7,157
Travel/food	4,914	2,989	1,925
Clothing	33,100	30,594	2,506
Due and subscriptions	34,277	29,962	4,315
Safety equipment	5,780	5,055	725
Medical supplies	200	241	(41)
Office supplies	8,595	7,693	902
Telephone	7,488	29,013	(21,525)
Cellular phone	11,050	8,701	2,349
Wi-Fi services	9,750	10,575	(825)
Postage	5,570	6,866	(1,296)
Printing, advertising, publishing	7,611	5,871	1,740
Tech services	21,298	15,087	6,211
Data processing	200	-	200
Equipment purchase	-	116	(116)
Equipment lease	4,715	5,108	(393)
Equipment maintenance	5,807	4,453	1,354
Furniture and fixtures	500	-	500
Vehicle accessories	-	198	(198)
Vehicle maintenance	72,500	65,279	7,221
Fuel/oil	101,600	84,389	17,211

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Public Safety (Continued)			
Operating supplies	\$ 4,400	\$ 3,143	\$ 1,257
Community service	5,525	4,466	1,059
Weapons supplies	8,550	11,776	(3,226)
Jail expense	19,250	23,516	(4,266)
CenCom	515,000	476,560	38,440
Payroll contingency	76,030	76,030	-
Warning siren	2,300	397	1,903
Drug prevention asset seizure	7,000	3,555	3,445
DUI prevention	5,000	370	4,630
Grant expenditures	5,000	5,983	(983)
Mobile eye	17,333	12,024	5,309
Total Public Safety	6,418,089	6,015,449	402,640
Economic Development			
Salaries - full time	243,160	245,006	(1,846)
Health insurance	48,293	39,851	8,442
IMRF	16,748	16,112	636
FICA	15,076	14,615	461
Medicare	3,526	3,418	108
Training	3,200	2,946	254
Travel/food	680	384	296
Clothing	2,500	1,078	1,422
Due and subscriptions	750	562	188
Office supplies	2,000	1,003	997
Telephone	3,180	2,988	192
Cellular phone	3,100	3,454	(354)
Postage	4,000	3,592	408
Printing, advertising, publishing	3,700	4,042	(342)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Economic Development (Continued)			
Pre-employment screening	\$ 250	\$ 185	\$ 65
Film/batteries	150	20	130
Equipment purchase	200	-	200
Equipment maintenance	375	344	31
Vehicle accessories	50	-	50
Fuel/oil	7,950	4,989	2,961
Planning/consulting	100,000	76,252	23,748
Engineering	2,000	1,436	564
Subcontract plumbing inspector	4,500	4,680	(180)
Elevator inspections	1,000	1,946	(946)
Board-ups	2,500	-	2,500
Utilities	1,200	-	1,200
Utilities - natural gas	1,200	-	1,200
Bank fees	180	-	180
Interest	18,000	8,064	9,936
Property purchase	480,000	142,107	337,893
Property taxes	4,000	(487)	4,487
Tax rebates	80,000	102,108	(22,108)
Rental management	600	550	50
Building maintenance	60,000	31,024	28,976
Legal	-	1,467	(1,467)
Miscellaneous	200	2,014	(1,814)
Community events	30,000	26,702	3,298
Total Economic Development	1,144,268	742,452	401,816
Public Works			
Salaries - full time	684,148	668,106	16,042
Salaries - part time	16,500	-	16,500
Overtime	28,000	22,466	5,534
Health insurance	144,198	127,664	16,534

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Public Works (Continued)			
IMRF	\$ 50,350	\$ 44,565	\$ 5,785
FICA	45,176	40,377	4,799
Medicare	10,565	9,443	1,122
Medical exams	475	143	332
Medical expenses	1,148	1,611	(463)
Medical supplies	150	89	61
Training	413	403	10
Travel/food	851	654	197
Clothing	8,520	4,014	4,506
Dues and subscription	300	446	(146)
Safety equipment	1,397	2,372	(975)
Office supplies	1,483	1,221	262
Telephone	5,880	6,258	(378)
Cellular phone	5,950	5,010	940
Utilities	14,576	14,885	(309)
Natural gas	30,500	33,171	(2,671)
Postage	75	44	31
Printing, advertising, publishing	980	820	160
Pre-employment screening	200	83	117
Janitorial services	39,364	39,134	230
Janitorial supplies	5,100	3,404	1,696
Parking lot improvements	41,150	55,607	(14,457)
Debris disposal	1,733	1,742	(9)
Furniture/fixtures	758	582	176
Equipment purchase	2,830	3,540	(710)
Equipment maintenance	15,225	16,132	(907)
Equipment lease	4,000	1,720	2,280
Vehicle accessories	900	968	(68)
Vehicle maintenance	34,849	44,288	(9,439)

(Continued)

Village of Round Lake Beach, Illinois

General Fund

Schedule of Expenditures - Budget and Actual (Continued)

Year Ended April 30, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Public Works (Continued)			
Fuel/oil	\$ 33,005	\$ 27,197	\$ 5,808
Engineering	7,820	20,041	(12,221)
Park maintenance	5,000	5,045	(45)
Storm sewer maintenance	10,000	9,877	123
Building maintenance	25,251	28,413	(3,162)
Street light maintenance	96,315	111,192	(14,877)
Traffic signal maintenance	46,932	48,838	(1,906)
Lifeguards	28,000	35,034	(7,034)
Pest control	40,042	38,542	1,500
Mowing contract	80,800	99,445	(18,645)
Street sweeping	15,000	13,690	1,310
Tree replacement	3,000	2,436	564
Graffiti removal	2,500	9,296	(6,796)
Contractual services	8,810	90,452	(81,642)
Holiday decorations	200	-	200
Miscellaneous	1,000	2,196	(1,196)
Total Public Works	1,601,419	1,692,656	(91,237)
Total Expenditures	\$ 10,764,302	\$ 10,109,478	\$ 654,824

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.

DEBT SERVICE FUNDS

General Obligation Debt Fund – to accumulate monies for payment of principal and interest for bonds issued for the construction of major public improvements. The debt service for the 2001, 2004, 2004A, 2006 and 2009 series bonds is funded in this fund. The 2001 general obligation bonds were issued for the construction of the Village Hall; the 2004 general obligation series was issued for the West Side roadway improvements; the 2004A general obligation series was issued to pay for the construction of Public Facilities, including the Police Department and the Civic Center, the 2006 general obligation series was issued to provide funds for the Village channel dredging project and the 2009 bonds are being used to resurface streets on the north side of the Village. Financing is provided with taxes on gas, electricity and telecommunication utilities to allow the Village to abate the levied property taxes relating to these general obligation debts.

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, 2010

	Special Revenue			
	Motor Fuel Tax	Civic Center	TIF #3	Total
Assets				
Cash and investments	\$ 862,093	\$ 60,112	\$ 215,105	\$ 1,137,310
Receivables				
Property taxes	-	-	111,997	111,997
Other	-	4,632	-	4,632
Due from other governments	56,092	-	-	56,092
Total assets	<u>\$ 918,185</u>	<u>\$ 64,744</u>	<u>\$ 327,102</u>	<u>\$ 1,310,031</u>
Liabilities				
Accounts payable	\$ 53,308	\$ 6,894	\$ -	\$ 60,202
Accrued payroll	-	1,110	-	1,110
Advances from other funds	-	92,824	-	92,824
Deposits payable	-	-	-	-
Retention payable	4,621	-	-	4,621
Unearned revenue	-	-	111,997	111,997
Total liabilities	<u>57,929</u>	<u>100,828</u>	<u>111,997</u>	<u>270,754</u>
Fund Balances				
Reserved for				
Capital projects	-	-	-	-
Streets and highways	860,256	-	-	860,256
Economic development	-	-	215,105	215,105
Debt service	-	-	-	-
Unreserved	-	(36,084)	-	(36,084)
Total fund balances	<u>860,256</u>	<u>(36,084)</u>	<u>215,105</u>	<u>1,039,277</u>
Total liabilities and fund balances	<u>\$ 918,185</u>	<u>\$ 64,744</u>	<u>\$ 327,102</u>	<u>\$ 1,310,031</u>

Debt Service General Obligation Debt	Capital Projects General Improvement	Total Nonmajor Governmental Funds
\$ 2,488,104	\$ 776,514	\$ 4,401,928
-	-	111,997
9,354	8,838	22,824
69,318	17,403	142,813
<u>\$ 2,566,776</u>	<u>\$ 802,755</u>	<u>\$ 4,679,562</u>
-	4,890	65,092
-	-	1,110
-	-	92,824
-	1,999	1,999
-	5,917	10,538
-	-	111,997
-	12,806	283,560
-	789,949	789,949
-	-	860,256
-	-	215,105
2,566,776	-	2,566,776
-	-	(36,084)
<u>2,566,776</u>	<u>789,949</u>	<u>4,396,002</u>
<u>\$ 2,566,776</u>	<u>\$ 802,755</u>	<u>\$ 4,679,562</u>

Village of Round Lake Beach, Illinois

**Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2009**

	Special Revenue			
	Motor Fuel Tax	Civic Center	TIF #3	Total
Revenues				
Taxes	\$ -	\$ -	\$ 134,405	\$ 134,405
Intergovernmental	698,195	-	-	698,195
Charges for services	-	69,533	-	69,533
Rental income	-	-	-	-
Interest	1,813	-	261	2,074
Miscellaneous	-	12,482	-	12,482
Total revenues	700,008	82,015	134,666	916,689
Expenditures				
Current				
General government	-	110,627	-	110,627
Economic development	-	-	-	-
Debt service				
Principal	270,000	-	-	270,000
Interest and fiscal services	59,321	-	-	59,321
Bond issue costs	-	-	-	-
Capital outlay	524,073	5,985	4,450	534,508
Total expenditures	853,394	116,612	4,450	974,456
Excess (deficiency) of revenues over expenditures	(153,386)	(34,597)	130,216	(57,767)
Other financing sources (uses)				
Transfers in	-	104,610	-	104,610
Transfers out	(349,856)	-	-	(349,856)
Proceeds from sale of capital assets	-	-	-	-
Proceeds from capital leases	-	-	-	-
Total other financing sources (uses)	(349,856)	104,610	-	(245,246)
Net change in fund balances	(503,242)	70,013	130,216	(303,013)
Fund balances - beginning	1,363,498	(106,097)	84,889	1,342,290
Fund balances - ending	\$ 860,256	\$ (36,084)	\$ 215,105	\$ 1,039,277

Debt Service General Obligation Debt	Capital Projects General Improvement	Total Nonmajor Governmental Funds
\$ 1,387,000	\$ 335,610	\$ 1,857,015
-	39,000	737,195
-	-	69,533
-	74,010	74,010
2,602	472	5,148
-	-	12,482
<u>1,389,602</u>	<u>449,092</u>	<u>2,755,383</u>
-	12,847	123,474
-	4,013	4,013
785,000	103,999	1,158,999
633,599	87,962	780,882
57	-	57
-	330,006	864,514
<u>1,418,656</u>	<u>538,827</u>	<u>2,931,939</u>
<u>(29,054)</u>	<u>(89,735)</u>	<u>(176,556)</u>
349,856	-	454,466
-	(104,610)	(454,466)
-	8,498	8,498
-	196,030	196,030
<u>349,856</u>	<u>99,918</u>	<u>204,528</u>
320,802	10,183	27,972
<u>2,245,974</u>	<u>779,766</u>	<u>4,368,030</u>
<u>\$ 2,566,776</u>	<u>\$ 789,949</u>	<u>\$ 4,396,002</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, 2010

	TIF #2 Fund		Motor Fuel Tax Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
Revenues				
Taxes	\$ 1,925,000	\$ 2,139,546	\$ -	\$ -
Intergovernmental				
Allotments from state of Illinois	-	-	700,000	675,790
Federal subsidy	-	-	-	22,405
Charges for services	-	-	-	-
Interest on investments	20,000	1,621	18,500	1,813
Miscellaneous	-	-	-	-
Use of fund balance	-	-	383,820	-
Total revenues	<u>1,945,000</u>	<u>2,141,167</u>	<u>1,102,320</u>	<u>700,008</u>
Expenditures				
Current				
General government	-	-	-	-
Economic development	1,945,000	2,141,195	-	-
Debt service				
Principal	-	-	-	270,000
Interest and fiscal services	-	-	-	59,321
Capital outlay	-	-	1,102,320	524,073
Reserve for fund balance	-	-	-	-
Total expenditures	<u>1,945,000</u>	<u>2,141,195</u>	<u>1,102,320</u>	<u>853,394</u>
Excess of revenues over expenditures	<u>-</u>	<u>(28)</u>	<u>-</u>	<u>(153,386)</u>
Other financing uses				
Transfer in	-	-	-	-
Transfer out	-	-	-	(349,856)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(349,856)</u>
Net change in fund balance	<u>\$ -</u>	<u>(28)</u>	<u>\$ -</u>	<u>(503,242)</u>
Fund balance - beginning		741		1,363,498
Fund balance - ending		<u>\$ 713</u>		<u>\$ 860,256</u>

Civic Center Fund		TIF #3 Fund	
Original and Final Budget	Actual	Original and Final Budget	Actual
\$ -	\$ -	\$ 115,000	\$ 134,405
-	-	-	-
-	-	-	-
64,620	69,533	-	-
-	-	2,500	261
40,278	12,482	-	-
-	-	-	-
<u>104,898</u>	<u>82,015</u>	<u>117,500</u>	<u>134,666</u>
104,898	110,627	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	5,985	-	4,450
-	-	117,500	-
<u>104,898</u>	<u>116,612</u>	<u>117,500</u>	<u>4,450</u>
-	(34,597)	-	130,216
-	104,610	-	-
-	-	-	-
-	104,610	-	-
<u>\$ -</u>	<u>70,013</u>	<u>\$ -</u>	<u>130,216</u>
	(106,097)		84,889
	<u>\$ (36,084)</u>		<u>\$ 215,105</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, 2010

	TIF #1 Debt Service Fund		General Obligation Debt Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual
Revenues				
Taxes	\$ 1,750,000	\$ 2,057,148	\$ 1,387,000	\$ 1,387,000
Intergovernmental	1,595,560	1,611,253	-	-
Interest on investments	85,000	42,207	31,614	2,602
Total revenues	<u>3,430,560</u>	<u>3,710,608</u>	<u>1,418,614</u>	<u>1,389,602</u>
Expenditures				
Debt service				
Principal	885,000	885,000	785,000	785,000
Interest and fiscal services	159,937	160,423	633,614	633,599
Bond issue costs	-	-	-	57
Reserve for fund balance	585,623	-	-	-
Total expenditures	<u>1,630,560</u>	<u>1,045,423</u>	<u>1,418,614</u>	<u>1,418,656</u>
Excess of revenues over expenditures	<u>1,800,000</u>	<u>2,665,185</u>	<u>-</u>	<u>(29,054)</u>
Other financing uses				
Transfer in	-	-	-	349,856
Transfer out	(1,800,000)	(2,132,897)	-	-
Total other financing sources	<u>(1,800,000)</u>	<u>(2,132,897)</u>	<u>-</u>	<u>349,856</u>
Net change in fund balance	<u>\$ -</u>	<u>532,288</u>	<u>\$ -</u>	<u>320,802</u>
Fund balance - beginning		<u>1,776,660</u>		<u>2,245,974</u>
Fund balance - ending		<u>\$ 2,308,948</u>		<u>\$ 2,566,776</u>

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, 2010

	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	80,000	6,897	30,000	3,327
Use of fund balance	3,592,725	-	295,000	-
Total revenues	3,672,725	6,897	325,000	3,327
Expenditures				
Current				
General government	-	-	-	-
Economic development	12,500	14,051	-	-
Debt service				
Principal	46,122	46,121	-	-
Interest and fiscal services	2,103	1,577	-	-
Bond issue cost	-	-	-	73,844
Capital outlay	5,412,000	2,942,520	325,000	1,315,580
Reserve for fund balance	-	-	-	-
Total expenditures	5,472,725	3,004,269	325,000	1,389,424
Excess (deficiency) of revenues over expenditures	(1,800,000)	(2,997,372)	-	(1,386,097)
Other financing sources				
Transfer in	1,800,000	2,132,897	-	-
Transfer out	-	-	-	-
Bond issuance	-	-	-	3,695,000
Bond discount	-	-	-	(2,801)
Proceeds from sale of property held for resale	-	-	-	-
Proceeds from capital leases	-	-	-	-
Total other financing sources	1,800,000	2,132,897	-	3,692,199
Net change in fund balance	\$ -	(864,475)	\$ -	2,306,102
Fund balance - beginning		5,402,650		99,018
Fund balance - ending		\$ 4,538,175		\$ 2,405,120

General Improvement Fund	
Original and Final Budget	Actual
\$ 366,000	\$ 335,610
439,000	39,000
57,735	74,010
10,000	472
-	-
<u>872,735</u>	<u>449,092</u>
-	12,847
-	4,013
103,999	103,999
87,962	87,962
-	-
175,095	330,006
505,679	-
<u>872,735</u>	<u>538,827</u>
-	(89,735)
-	-
-	(104,610)
-	-
-	-
-	8,498
-	196,030
-	99,918
<u>\$ -</u>	10,183
	<u>779,766</u>
	<u>\$ 789,949</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, 2010

	Original and Final Budget	Actual	Variance with Final Budget
Operating revenues			
Charges for services	\$ 4,031,627	\$ 5,561,239	\$ 1,529,612
Tap on fees	93,500	94,625	1,125
Total operating revenues	<u>4,125,127</u>	<u>5,655,864</u>	<u>1,530,737</u>
Operating expenses			
Administration	830,170	985,835	(155,665)
Operations	4,400,747	5,044,792	(644,045)
Total operating expenses	<u>5,230,917</u>	<u>6,030,627</u>	<u>(799,710)</u>
Operating income (loss) before depreciation	(1,105,790)	(374,763)	2,330,447
Depreciation	-	522,733	522,733
Operating income (loss)	<u>(1,105,790)</u>	<u>(897,496)</u>	<u>1,807,714</u>
Nonoperating revenues (expenses)			
Interest income	105,000	24,781	(80,219)
Interest expense	(56,351)	(56,352)	(1)
Grant revenue	115,000	85,000	(30,000)
Miscellaneous revenue	500	35,505	35,005
Use of reserved transfer	941,641	-	(941,641)
Total nonoperating revenues (expenses)	<u>1,105,790</u>	<u>88,934</u>	<u>(1,016,856)</u>
Change in net assets	<u>\$ -</u>	<u>(808,562)</u>	<u>\$ 790,858</u>
Net assets			
Beginning		<u>15,085,516</u>	
Ending		<u>\$ 14,276,954</u>	