

VILLAGE OF ROUND LAKE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended  
April 30, 2010

**A Sikich LLP**

Certified Public Accountants & Advisors

VILLAGE OF ROUND LAKE, ILLINOIS  
TABLE OF CONTENTS

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	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT .....	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-9
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets - Modified Cash Basis .....	3
Statement of Activities - Modified Cash Basis .....	4-5
Fund Financial Statements	
Governmental Funds	
Statement of Assets, Liabilities and Fund Balances Arising from Cash Basis .....	6
Reconciliation of Fund Balances Arising from Cash Basis of the Governmental Funds to the Governmental Activities in the Statement of Net Assets - Modified Cash Basis .....	7
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis .....	8
Reconciliation of the Governmental Funds Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis - to the Governmental Activities in the Statement of Activities - Modified Cash Basis .....	9
Proprietary Funds	
Statement of Assets, Liabilities and Net Assets Arising from Modified Cash Basis .....	10
Statement of Revenues Collected, Expenditures Paid and Changes in Net Assets - Modified Cash Basis .....	11
Statement of Cash Flows .....	12

VILLAGE OF ROUND LAKE, ILLINOIS  
 TABLE OF CONTENTS (Continued)

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	<u>Page(s)</u>
<b>GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)</b>	
Basic Financial Statements (Continued)	
Fund Financial Statements (Continued)	
Fiduciary Funds	
Statement of Assets, Liabilities and Net Assets Arising from Modified Cash Basis .....	13
Statement of Revenues Collected, Expenditures Paid and Changes in Net Assets - Modified Cash Basis .....	14
Notes to Financial Statements.....	15-42
Required Supplementary Information	
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - Cash Basis General Fund .....	43
Schedule of Funding Progress	
Illinois Municipal Retirement Fund .....	44
Sheriff's Law Enforcement Personnel Plan .....	45
Police Pension Fund .....	46
Other Postemployment Benefit Plan .....	47
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund .....	48
Sheriff's Law Enforcement Personnel Plan .....	49
Police Pension Fund .....	50
Other Postemployment Benefit Plan .....	51
Notes to Required Supplementary Information .....	52
 <b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
Major Governmental Funds	
Detailed Schedule of Expenditures Paid - Budget and Actual - Cash Basis General Fund .....	53-54
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - Cash Basis	
Capital Projects Fund.....	55

VILLAGE OF ROUND LAKE, ILLINOIS  
 TABLE OF CONTENTS (Continued)

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	<u>Page(s)</u>
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)</b>	
<b>Nonmajor Governmental Funds</b>	
Combining Statement of Assets, Liabilities and Fund Balances Arising From Cash Basis .....	56-57
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Cash Basis .....	58-59
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - Cash Basis	
Motor Fuel Tax Fund.....	60
Bright Meadows SSA #1 Fund.....	61
2005 Bonds Debt Service Fund.....	62
2003 Bonds Debt Service Fund.....	63
2007 Bonds Debt Service Fund.....	64
2010 Bonds Debt Service Fund.....	65
Working Cash Fund.....	66
<b>Enterprise Funds</b>	
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - Modified Cash Basis	
Water and Sewer Fund.....	67
Commuter Parking Lot Fund .....	68
<b>Fiduciary Funds</b>	
Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance - Budget and Actual - Cash Basis	
Police Pension Fund .....	69
Combining Statement of Changes in Net Assets and Liabilities - Cash Basis Agency Funds.....	70-71
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Tax Data.....	72
Schedule of Assessed Valuation by Type of Property.....	73



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INDEPENDENT AUDITOR'S REPORT

The Town Board of Trustees  
Village of Round Lake  
Round Lake, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Village of Round Lake, Illinois (the 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 Village of Round Lake, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the policy of the Village is to prepare its government-wide and proprietary fund financial statements on the modified cash basis and its governmental fund financial statements on the cash basis, both of which are a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, the accompanying basic financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities on the modified cash basis and each major fund and aggregate remaining fund information on the cash basis of the fund financial statements of Village of Round Lake, Illinois as of April 30, 2010, and the respective change in financial position modified cash basis and cash basis, thereof and for the year ended, on the basis of accounting described in Note 1.

The Management's Discussion and Analysis and other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and the supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Village of Round Lake, Illinois. The 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.

Aurora, Illinois  
January 14, 2011

A handwritten signature in cursive script that reads "Sibich LLP". The signature is written in dark ink and is positioned to the right of the date and location text.

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

**VILLAGE OF ROUND LAKE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**APRIL 30, 2010**

The discussion and analysis of the Village of Round Lake's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2010.

**FINANCIAL HIGHLIGHTS**

- The Village's Governmental net assets, which equal total assets minus total liabilities, were \$27,072,450 and \$27,144,548 at the end of fiscal year 2010 and 2009, respectively, a decrease of \$72,098. Business-type activities net assets were \$41,642,716 and \$41,894,630 at the end of fiscal year 2010 and 2009, respectively, a decrease of \$251,914.
- Governmental unrestricted net assets, assets that may be used to meet the Village's ongoing obligations to residents and creditors, were \$4,175,326 and \$4,420,331 for fiscal year 2010 and 2009, respectively, a decrease of \$245,005. Business-type activities unrestricted net assets were \$7,294,384 and \$7,030,680 for fiscal year 2010 and 2009, respectively, an increase of \$263,704.
- Revenues for Governmental Activities (excluding contributions and transfers) equaled \$8,184,760 and were lower than total program expenses of \$8,256,858 by \$72,098 as compared to total revenues of \$8,539,419 which were higher than total expenses of \$8,361,219 by \$178,200 in the prior year. Revenues for Business-Type Activities (excluding contributions and transfers) equaled \$4,122,833 and were lower than total program expenses of \$4,374,747 by \$251,914, as compared to total revenues of \$3,682,561 which were lower than total expenses of \$4,601,473 by \$918,912, in the prior year.
- The fund balance for the General Fund equaled \$4,175,326, a decrease of \$311,757 from the beginning fund balance of \$4,487,083.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Village of Round Lake's basic financial statements. The Village's basic financial statements are comprised of three main components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Village of Round Lake's finances, in a manner similar to private-sector business. The statement of net assets presents information on all of the Village's assets and liabilities on a modified cash basis, with the difference between the two being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the receipts are collected (revenues) and the expenditures are paid (expenditures or expenses), except for capital asset and debt related transactions.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, community development, and interest expense. The business-type activities of Village include water/sewer and commuter parking lot activities.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary funds.** The Village maintains two types of proprietary funds, both are enterprise funds, one to account for its water and sewer operations and the other to account for its commuter lot operations. Both are used to report the functions presented as business-type activities in the governmental-wide financial statements.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds include the Police Pension Fund, Special Service Areas #1, #2, and #4, Builders Escrow, and the Impact Fee Funds.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Round Lake, assets exceeded liabilities by \$68.7 million at April 30, 2010.

By far the largest portion of the Village's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets still outstanding. As of April 30, 2010, capital assets net of related debt totaled \$55 million, representing 80.0% of total net assets. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Just over \$2.2 million (3.3 percent) of the Village's net assets represents resources that are subject to restrictions on how they may be used, such as for debt service, capital projects, and other specific purposes. The remaining \$11,469,710 balance of unrestricted net assets may be used to meet the Village's ongoing obligations to citizens and creditors.

Following is a table that summarizes the net assets of the Village at the close of the recent fiscal year by governmental activities, business-type activities, and village-wide. A comparison to the preceding fiscal year is presented for all three categories.

**Village of Round Lake Net Assets  
Fiscal Years Ended April 30<sup>th</sup>**

	Governmental Activities		Business - Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$6,441,963	\$7,168,652	\$7,351,362	\$7,078,237	\$13,793,325	\$14,246,889
Capital assets	35,608,328	35,478,640	35,573,332	36,173,950	71,181,660	71,652,590
<b>Total assets</b>	<b>42,050,291</b>	<b>42,647,292</b>	<b>42,924,694</b>	<b>43,252,187</b>	<b>84,974,985</b>	<b>85,899,479</b>
Other liabilities	17,580	13,459	27,890	10,065	45,470	23,524
Long-term liabilities	14,960,261	15,489,285	1,254,088	1,347,492	16,214,349	16,836,777
<b>Total liabilities</b>	<b>14,977,841</b>	<b>15,502,744</b>	<b>1,281,978</b>	<b>1,357,557</b>	<b>16,259,819</b>	<b>16,860,301</b>
Net assets						
Invested in capital assets, net of debt	20,648,067	19,989,355	34,348,332	34,863,950	54,996,399	54,853,305
Restricted	2,249,057	2,734,862	0	0	2,249,057	2,734,862
Unrestricted	4,175,326	4,420,331	7,294,384	7,030,680	11,469,710	11,451,011
<b>Total net assets</b>	<b>\$27,072,450</b>	<b>\$27,144,548</b>	<b>\$41,642,716</b>	<b>\$41,894,630</b>	<b>\$68,715,166</b>	<b>\$69,039,178</b>

Total net assets of the Village decreased by \$324,012 for the fiscal year ended 2010. Net assets related to governmental activities decreased by \$72,098, while net assets related to business-type activities decreased by \$251,914.

In the governmental activities, current assets, mainly cash, decreased \$726,689. General Fund cash decreased \$302,704 and other governmental funds cash decreased \$418,993. The decrease in the General Fund is the result of the economic downturn as operating expenses and transfers out exceeded operating revenues. The decrease in the other governmental fund types cash is the result of capital expenses and debt service payments. Other liabilities increased slightly due to escrow deposit balances somewhat higher in fiscal year end 2010. Although the debt liability increased by \$355,000 due the restructuring of the Series 2007 Debt Certificates, overall long-term liabilities decreased slightly over \$500,000 from the preceding fiscal year due to a transaction for unamortized loss on refunding of \$868,739.

In the business-type activities, current assets increased by \$273,125 mainly due to receipts from customers and users along with grant revenue, and interest income higher than payments to vendors and other items such as bond payments and capital assets purchased. Capital assets decreased by \$600,618 due to depreciation expense of \$1,153,624 and only \$553,006 in new capital assets. The increase in other liabilities is mainly water and sewer utility bill credits as a result of customer overpayments that are owed to them as of April 30, 2010. Long-term liabilities decreased by \$93,404 from the preceding fiscal year due to a \$85,000 principal payment made on the Village's 2003C outstanding debt series and the pay down of slightly over \$8,000 on a note payable balance in the Commuter Parking Lot Fund.

The table that follows summarizes the changes in net assets for the fiscal year just ended and the prior fiscal year.

**Village of Round Lake Changes in Net Assets  
Fiscal Years Ended April 30<sup>th</sup>**

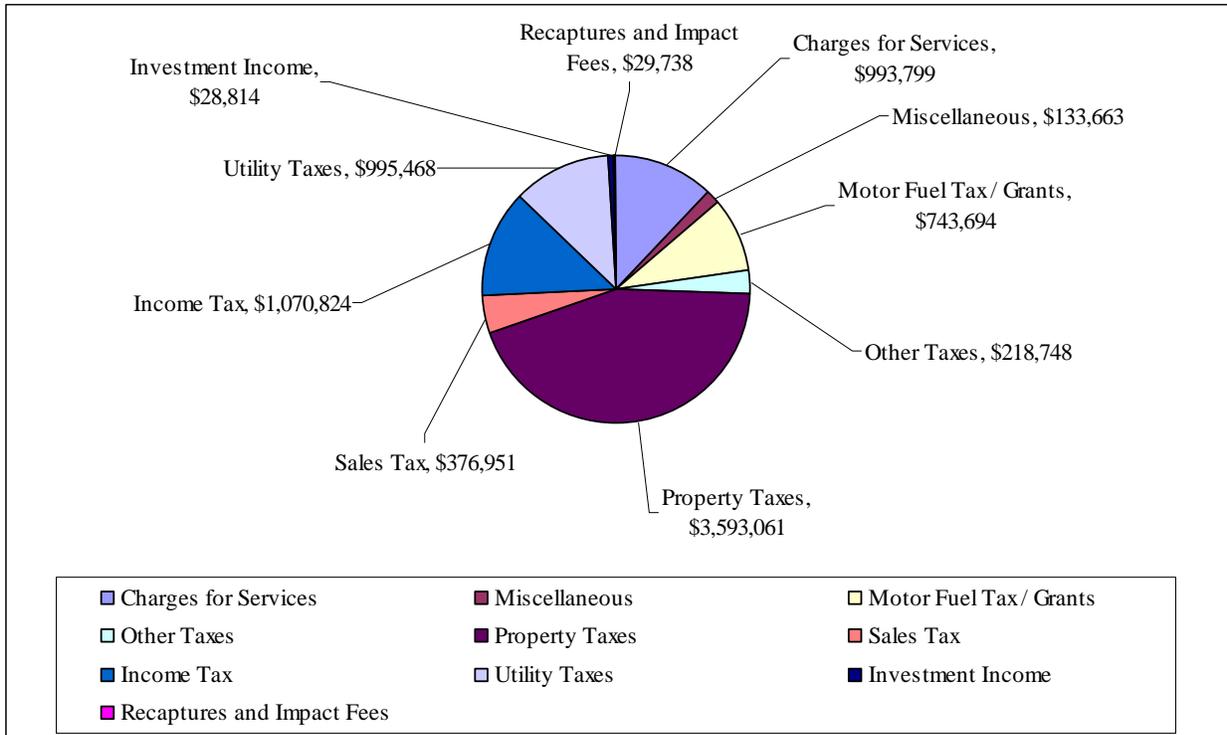
	Governmental Activities		Business - Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$993,799	\$1,111,866	\$3,459,434	\$3,474,506	\$4,453,233	\$4,586,372
Operating Grants	743,694	472,079	-	-	743,694	472,079
Capital Grants	-	106,930	588,100	75,000	588,100	181,930
<b>General revenues</b>						
Property taxes	3,593,061	3,430,046	-	-	3,353,155	3,430,046
Income tax	1,070,824	1,439,298	-	-	1,070,824	1,439,298
Utility taxes	995,468	1,002,360	-	-	995,468	1,002,360
Other taxes	595,699	698,383	-	-	595,699	698,383
Interest income	28,814	102,761	28,151	84,230	56,965	186,991
Impact fees and recaptures	29,738	42,237	-	-	29,738	42,237
Miscellaneous	133,663	133,459	47,148	48,825	180,811	182,284
<b>Total revenues</b>	<b>8,184,760</b>	<b>8,539,419</b>	<b>4,122,833</b>	<b>3,682,561</b>	<b>12,067,687</b>	<b>12,221,980</b>
<b>Program expenses</b>						
General government	1,500,286	2,065,553	-	-	1,500,286	2,065,553
Police department	3,123,318	3,420,180	-	-	2,883,412	3,420,180
Public works	2,152,715	1,594,009	-	-	2,152,715	1,594,009
Community development	392,606	422,201	-	-	392,606	422,201
Debt service	1,087,933	859,276	-	-	1,087,933	859,276
Parking Lot	-	-	17,826	48,955	17,826	48,955
Water and sewer	-	-	4,356,921	4,552,518	4,356,921	4,552,518
<b>Total expenses</b>	<b>8,256,858</b>	<b>8,361,219</b>	<b>4,374,747</b>	<b>4,601,473</b>	<b>12,391,699</b>	<b>12,962,692</b>
<b>Changes in net assets before contributions and transfers</b>						
	(72,098)	178,200	(251,914)	(918,912)	(324,012)	(740,712)
Contributions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>Increase (decrease) in net assets</b>	<b>(72,098)</b>	<b>178,200</b>	<b>(251,914)</b>	<b>(918,912)</b>	<b>(324,012)</b>	<b>(740,712)</b>
<b>Beginning of year</b>	<b>27,144,548</b>	<b>26,920,802</b>	<b>\$41,894,630</b>	<b>42,859,088</b>	<b>69,039,178</b>	<b>69,779,890</b>
Prior period adjustment	-	45,546	-	(45,546)	-	-
Beginning of year, restated	27,144,548	26,966,348	41,894,630	42,813,542	69,039,178	69,779,890
<b>End of year</b>	<b>\$27,072,450</b>	<b>\$27,144,548</b>	<b>\$41,642,716</b>	<b>\$41,894,630</b>	<b>\$68,715,166</b>	<b>\$69,039,178</b>

**Governmental Activities**

Program revenues (amounts charged to residents for programs plus operating and capital grants) for governmental activities totaled \$1,737,493 and general revenues totaled \$6,447,267 for a total of \$8,184,760, a decrease of \$354,659 from the preceding year.

The following graph depicts both program and general revenues by major revenue sources for governmental activities.

### Revenues by Source – Governmental Activities



Property taxes account for the largest revenue source in the governmental type activities of the Village at 43.9% of the overall revenues. Charges for services, 12.1% of the total, include items such as business licenses, building permits, refuse pickup, and cable fees. Income Tax (13.1%) is the portion of state income tax that the State of Illinois distributes to the Village on a per capita basis. Utility taxes include electric, gas, and the municipal telecommunications tax, which accounted for 12.2% of the overall revenues. Other taxes of \$218,748 include use and replacement tax.

Expenses related to governmental activities totaled \$8,256,858 in the current fiscal year, representing a decrease of \$104,361 from the preceding fiscal year. The main reason for the decrease was overall General Fund operating expenses were reduced from the levels of fiscal year end 2009, such as reductions in payroll charges, commodities, and professional services. Off-setting the reductions in the General Fund were increases in debt service payments and capital outlay charges in the other governmental fund types.

There were no contributions or transfers reported by the governmental activities in fiscal year end 2010 and 2009.

#### Business-Type Activities

Program revenues (amounts charged to residents for programs plus operating and capital grants) for business type activities totaled \$4,047,534 and general revenues totaled \$75,299 for a total of \$4,122,833 an increase of \$440,272 from the preceding year. Charges for services increased only by \$15,072 from 2009 to 2010, however, capital grants increased \$513,100. All other revenue sources decreased from the prior year, with the largest revenue decrease from the prior year of \$56,079 in the interest income area.

Expenses from business-type activities totaled \$4,374,747, compared to \$4,601,473 in the preceding year, a decrease of \$226,726. From the previous year, operating expenses decreased 6.2% (\$209,217), depreciation expense increased 1.4% (\$16.2), and interest expense went down \$2,897.

There were no contributions or transfers reported by the business-type activities in fiscal year end 2010 and 2009.

## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village of Round Lake uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Village's governmental funds 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 a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of April 30, 2010, the Village's governmental funds reported combined ending fund balances of \$6,424,383, representing a decrease of \$730,810, or 10.2%, from the preceding year. Approximately 65.0% (\$4,175,326) constitutes unreserved, undesignated fund balance, which is available for spending at the village's discretion. The remainder of fund balance is reserved or designated, to indicate that it is not available for new spending because it has already been committed: 1) to pay debt service, or 2) for a variety of other restricted purposes.

General Fund. The General Fund is the main operating fund of the Village. At April 30, 2010 total fund balance was \$4,175,326, a decrease of \$311,757 over the prior year fund balance. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended April 30, 2010.

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Percent Variance</b>
<b>Revenues</b>				
Taxes	3,276,496	3,544,667	268,171	8.18%
Charges For Service	539,490	549,903	10,413	1.93%
Licenses And Permits	72,011	119,652	47,641	66.16%
Intergovernmental	2,198,848	1,672,667	(526,181)	(23.93%)
Fines	161,420	157,055	(4,365)	(2.70%)
Franchise Fees	189,410	181,010	(8,400)	(4.43%)
Interest Income	52,656	20,341	(32,315)	(61.37%)
Miscellaneous Income	112,367	115,548	3,181	2.83%
<b>Total Revenues</b>	<b>6,602,698</b>	<b>6,360,843</b>	<b>(241,855)</b>	<b>(3.66%)</b>
<b>Expenditures</b>				
General Government	1,966,868	1,664,155	302,713	15.39%
Police Department	3,334,223	2,996,766	337,457	10.12%
Public Works	1,046,178	901,942	144,236	13.79%
Community Development	456,411	388,142	68,269	14.96%
Contingencies	224,256	0	224,256	100.00%
Capital Outlay	529,047	80,256	448,791	84.83%
Debt Service	0	16,339	(16,339)	100.00%
Other Financing Uses	625,000	625,000	0	0.00%
<b>Total Expenditures</b>	<b>8,181,983</b>	<b>6,672,600</b>	<b>1,509,383</b>	<b>18.45%</b>
<b>Changes In Fund Balance</b>	<b>(1,579,285)</b>	<b>(311,757)</b>	<b>1,267,528</b>	<b>80.26%</b>

As the chart shows, revenues were \$241,855, 3.66% under the final budget amount. The largest variance, Intergovernmental revenues, were under budget by 23.93% due to sales and use tax receipts and income tax payments lower then the previous year by \$97,932 and \$368,474, respectively. As of April 30, 2010, the State of Illinois owed the Village \$332,000 due to a delay of income tax payments which included the prior three months of vouchers.

Expenditures were 18.45% under the final appropriated amount of \$8,181,983. Actual expenditures were less then the appropriation amount mainly due to the certain capital items not acquired, reduced payroll and related taxes, and no contingency funds used.

**Other Governmental Funds.** All other governmental fund type revenues were \$1,823,920, an increase of \$119,956 from the prior year amount of \$1,703,964. The table below lists the revenue types and the change from the prior year.

	2010	2009	Dollar Change	Percent Change
<b>Revenues</b>				
Taxes	1,043,861	1,054,430	(10,569)	(1.00%)
Intergovernmental	454,948	569,774	(114,826)	(20.15%)
Recaptures	269,131	8,000	261,131	100.00%
Impact Fees	29,738	34,237	(4,499)	(13.14%)
Interest Income	8,476	35,523	(27,047)	(76.14%)
Miscellaneous income	17,766	2,000	15,766	788.30%
<b>Total revenues</b>	<b>1,823,920</b>	<b>1,703,964</b>	<b>119,956</b>	<b>7.04%</b>

Intergovernmental revenues decreased \$114,826 as in the prior year \$98,130 was received for the 2008 Community Development Block Grant (\$73,000) and a \$25,130 Illinois Emergency Management Agency grant. Recaptures increased by \$261,131 due to a reimbursement of \$268,781 from Lake County and a Township for their share of intersection improvements.

All other governmental fund type expenditures were \$3,107,563, an increase of \$433,098 from the prior year amount of \$2,674,465. The increase is mainly the result of a higher capital expenses in the amount of \$184,298 from the previous year and an increase in debt service payments of \$234,675.

**Proprietary funds.** The Village's proprietary funds, the Water and Sewer and the Commuter Parking Lot Fund, provides the same type of information found in the government-wide financial statements, but in more detail.

The Water and Sewer Fund reported total operating income before depreciation expense of \$243,870. Operating revenues totaled \$3,391,407, a decrease of \$17,331 from the preceding year. Operating expenses excluding depreciation totaled \$3,147,537, a decrease of \$209,217 from the prior year. Operating loss before non-operating items, transfers and contributions totaled \$909,754. The total change in net assets reported for the current fiscal year was a negative \$349,732.

The Commuter Parking Lot Fund reported total operating income before depreciation expense of \$98,780. Operating revenue totaled \$115,175, an increase of \$582 from the preceding year. Operating expenses excluding depreciation totaled 16,395, a decrease of \$51,023 from the prior year. The total change in net assets reported for the current fiscal year was a positive \$97,518.

**Fiduciary funds.** The Village's fiduciary funds consist of five agency funds and one Police Pension Trust Fund. Net assets held by the Police Pension Trust Fund totaled \$4,046,216 at April 30, 2010, an increase of \$663,995 from the prior year, due to the fair value of investments increasing by \$531,817. Additions to the pension trust fund totaled \$962,528 and deductions totaled \$298,533.

## BUDGETARY INFORMATION

All funds operated within legal budgetary limitations during the year. In some funds, actual expenditures were significantly lower than budgeted amounts. The difference was generally due to actual capital expenditures lower than anticipated or delayed until a future fiscal year.

## CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2010 was \$71,181,660 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, streets and related infrastructure. The total decrease in the Village's investment in capital assets for the year ended April 30, 2010 was \$470,930.

**Capital Assets (net of depreciation)  
Fiscal Year Ended April 30, 2010**

Description	Governmental Activities		Business - Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$11,353,950	\$11,353,950	\$30,000	\$30,000	\$11,383,950	\$11,383,950
Construction in progress	386,554	745,681	11,076	277,037	397,630	1,022,718
Buildings	8,704,032	8,308,990	0	0	8,704,032	8,308,990
Land Improvements	502,122	553,874	0	0	502,122	553,874
Vehicles and equipment	350,756	471,387	196,939	310,333	547,695	781,720
Infrastructure	14,310,914	14,044,758	35,335,317	35,556,580	49,646,231	49,601,338
<b>Totals</b>	<b>\$35,608,328</b>	<b>\$35,478,640</b>	<b>\$35,573,332</b>	<b>\$36,173,950</b>	<b>\$71,181,660</b>	<b>\$71,652,590</b>

Governmental activities capital assets decreased \$129,688 from the prior year and business-type activities capital assets decreased 1.7%. Major capital asset events during the current fiscal year include the following:

- The capitalization of \$885,604 for the Alpine and Cedar Crest Roadway Project. \$316,954 related to watermain improvements and \$568,650 charged for the roadway portion.
- The completion of the Village Hall annex capitalized at \$615,626.
- Acceptance of water infrastructure improvements of \$495,3000
- Depreciation expense in the governmental and business-type activities totaled \$695,461 and \$1,153,624, respectively in the current fiscal year.

**DEBT ADMINISTRATION**

As of April 30, 2010, the Village had five debt issues outstanding which include general obligation bonds and debt certificates, along with one note payable. At the end of the current fiscal year, the Village of Round Lake had \$17,083,089 total debt outstanding as shown by the table below.

**Outstanding Debt  
Fiscal Year Ended April 30, 2010**

Description	Governmental Activities	Business Type Activities	Total
General Obligation Bonds	\$12,219,000	\$1,225,000	\$13,444,000
Debt Securities	3,610,000	0	3,610,000
Notes Payable	29,089	0	29,089
Capital Leases	0	0	0
<b>Total</b>	<b>\$15,858,089</b>	<b>\$1,225,000</b>	<b>\$17,083,089</b>

During the year the Village's total outstanding debt increased by \$246,312. \$280,000 of general obligation bonds and \$585,000 of debt certificates were retired during the fiscal year. Capital leases and notes payable had reductions of \$23,688 combined. During fiscal year 2010 the Village refinanced General Obligation Debt Certificates Series 2003A and Series 2007 in the amount of \$1,180,000, and \$8,045,000, respectively. Issued were General Obligation Refunding Bonds (Alternate Revenue Source), Series 2010A and 2010B in the amount of \$9,100,000 and \$1,260,000, respectively.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

General economic conditions are expected to continue to be poor in the fiscal year beginning May 1, 2010 and ending April 30, 2011. With general economic conditions as such, it is anticipated that no new development will occur in the near future. Although economic revenues are balanced with property tax revenues, certain tax revenues that are impacted by the economy will need to be monitored carefully, such as sales and income tax. Both revenue sources are expected to stabilize in the upcoming year.

In addition, Village officials considered many factors when setting the fiscal year 2010-2011 budget and the associated property tax rates and charges for services. These factors include anticipated consumer priced indexed costs, economic driven revenue sources, completion of capital projects along with future projects, larger contracts that may be up for renewal, and an assessment of future staffing needs.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village of Round Lake's for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Steven J. Shields, Director of Finance, Village of Round Lake, 442 N. Cedar Lake Road, Round Lake, IL 60073.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

April 30, 2010

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 6,446,486	\$ 7,346,489	\$ 13,792,975
Due to/from other funds	(4,873)	4,873	-
Due from fiduciary funds	350	-	350
Capital assets not being depreciated	11,740,504	41,076	11,781,580
Capital assets (net of accumulated depreciation)	23,867,824	35,532,256	59,400,080
<b>Total assets</b>	<b>42,050,291</b>	<b>42,924,694</b>	<b>84,974,985</b>
<b>LIABILITIES</b>			
Payroll withholdings payable	2,415	-	2,415
Escrow deposits	15,165	-	15,165
Other liabilities	-	27,890	27,890
Noncurrent liabilities			
Due within one year	535,000	98,767	633,767
Due within more than one year	14,425,261	1,155,321	15,580,582
<b>Total liabilities</b>	<b>14,977,841</b>	<b>1,281,978</b>	<b>16,259,819</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	20,648,067	34,348,332	54,996,399
Restricted for			
Streets	367,624	-	367,624
Working cash	651,104	-	651,104
Debt service	105,511	-	105,511
Specific purposes	1,124,818	-	1,124,818
Unrestricted	4,175,326	7,294,384	11,469,710
<b>TOTAL NET ASSETS</b>	<b>\$ 27,072,450</b>	<b>\$ 41,642,716</b>	<b>\$ 68,715,166</b>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 1,500,286	\$ 849,683	\$ -	\$ -
Public safety	3,123,318	144,116	19,965	-
Public works	2,152,715	-	723,729	-
Community development	392,606	-	-	-
Interest	1,087,933	-	-	-
Total governmental activities	8,256,858	993,799	743,694	-
Business-Type Activities				
Water and sewer	4,356,921	3,344,259	-	588,100
Parking lot	17,826	115,175	-	-
Total business-type activities	4,374,747	3,459,434	-	588,100
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 12,631,605</b>	<b>\$ 4,453,233</b>	<b>\$ 743,694</b>	<b>\$ 588,100</b>

	<u>Net (Expense) Revenue and Change in Net Assets</u>		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
	\$ (650,603)	\$ -	\$ (650,603)
	(2,959,237)	-	(2,959,237)
	(1,428,986)	-	(1,428,986)
	(392,606)	-	(392,606)
	(1,087,933)	-	(1,087,933)
	<u>(6,519,365)</u>	<u>-</u>	<u>(6,519,365)</u>
	-	(424,562)	(424,562)
	-	97,349	97,349
	<u>-</u>	<u>(327,213)</u>	<u>(327,213)</u>
	<u>(6,519,365)</u>	<u>(327,213)</u>	<u>(6,846,578)</u>
General Revenues			
Taxes			
Property	3,593,061	-	3,593,061
Replacement	20,656	-	20,656
Sales	376,951	-	376,951
Income	1,070,824	-	1,070,824
Utility	995,468	-	995,468
Other	198,092	-	198,092
Impact and traffic fees	29,738	-	29,738
Investment income	28,814	28,151	56,965
Miscellaneous	133,663	47,148	180,811
	<u>6,447,267</u>	<u>75,299</u>	<u>6,522,566</u>
CHANGE IN NET ASSETS	(72,098)	(251,914)	(324,012)
NET ASSETS, MAY 1	<u>27,144,548</u>	<u>41,894,630</u>	<u>69,039,178</u>
NET ASSETS, APRIL 30	<u>\$ 27,072,450</u>	<u>\$ 41,642,716</u>	<u>\$ 68,715,166</u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
ARISING FROM CASH BASIS

April 30, 2010

	General	Capital Projects	Nonmajor Governmental	Total
<b>ASSETS</b>				
Cash	\$ 4,827,840	\$ 1,040,117	\$ 578,529	\$ 6,446,486
Due from fiduciary funds	350	-	-	350
Advance to other funds	-	-	630,411	630,411
<b>TOTAL ASSETS</b>	<b>\$ 4,828,190</b>	<b>\$ 1,040,117</b>	<b>\$ 1,208,940</b>	<b>\$ 7,077,247</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Payroll withholdings payable	\$ 2,415	\$ -	\$ -	\$ 2,415
Escrow deposits	15,165	-	-	15,165
Due to other funds	4,873	-	-	4,873
Advance from other funds	630,411	-	-	630,411
<b>Total liabilities</b>	<b>652,864</b>	<b>-</b>	<b>-</b>	<b>652,864</b>
<b>FUND BALANCES</b>				
Reserved for				
Streets	-	-	367,624	367,624
Working cash	-	-	651,104	651,104
Debt service	-	-	105,511	105,511
Specific purposes	-	1,040,117	84,701	1,124,818
Unreserved	4,175,326	-	-	4,175,326
<b>Total fund balances</b>	<b>4,175,326</b>	<b>1,040,117</b>	<b>1,208,940</b>	<b>6,424,383</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,828,190</b>	<b>\$ 1,040,117</b>	<b>\$ 1,208,940</b>	<b>\$ 7,077,247</b>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

RECONCILIATION OF FUND BALANCES ARISING FROM CASH BASIS  
OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES  
IN THE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

April 30, 2010

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 6,424,383
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	35,608,328
Long-term liabilities, including installment contracts, are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(14,960,261)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 27,072,450</u></u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES - CASH BASIS

For the Year Ended April 30, 2010

	General	Capital Projects	Nonmajor Governmental	Total
<b>REVENUES COLLECTED</b>				
Taxes	\$ 3,544,667	\$ 193,483	\$ 850,378	\$ 4,588,528
Intergovernmental	1,672,667	14,834	440,114	2,127,615
Licenses and permits	119,652	-	-	119,652
Fines	157,055	-	-	157,055
Charges for service	549,903	-	-	549,903
Impact fees	-	29,738	-	29,738
Recapture fees	-	269,131	-	269,131
Investment income	20,341	6,213	2,260	28,814
Miscellaneous	296,558	-	17,766	314,324
<b>Total revenues collected</b>	<b>6,360,843</b>	<b>513,399</b>	<b>1,310,518</b>	<b>8,184,760</b>
<b>EXPENDITURES PAID</b>				
Current				
General government	1,664,155	35,179	28,223	1,727,557
Public safety	2,996,766	-	-	2,996,766
Public works	901,942	-	79,778	981,720
Community development	388,142	-	-	388,142
Capital outlay	80,256	969,630	154,542	1,204,428
Debt service				
Principal retirement	15,285	-	780,000	795,285
Interest and fiscal charges	1,054	-	1,060,211	1,061,265
<b>Total expenditures paid</b>	<b>6,047,600</b>	<b>1,004,809</b>	<b>2,102,754</b>	<b>9,155,163</b>
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>	<b>313,243</b>	<b>(491,410)</b>	<b>(792,236)</b>	<b>(970,403)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	625,000	625,000
Transfers (out)	(625,000)	-	-	(625,000)
Bonds issued at par	-	-	10,360,000	10,360,000
Discount on bonds issued	-	-	(26,668)	(26,668)
Payment to escrow agent	-	-	(10,093,739)	(10,093,739)
<b>Total other financing sources (uses)</b>	<b>(625,000)</b>	<b>-</b>	<b>864,593</b>	<b>239,593</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(311,757)</b>	<b>(491,410)</b>	<b>72,357</b>	<b>(730,810)</b>
<b>FUND BALANCES, MAY 1</b>	<b>4,487,083</b>	<b>1,531,527</b>	<b>1,136,583</b>	<b>7,155,193</b>
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 4,175,326</b>	<b>\$ 1,040,117</b>	<b>\$ 1,208,940</b>	<b>\$ 6,424,383</b>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

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

For the Year Ended April 30, 2010

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (730,810)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	825,149
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(695,461)
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(10,360,000)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	795,285
The payment to escrow agent is reported as an other financing use in governmental funds but as a decrease in principal outstanding in the statement of activities	<u>10,093,739</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (72,098)</u></u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
ARISING FROM MODIFIED CASH BASIS  
PROPRIETARY FUNDS

April 30, 2010

	Water and Sewer	Nonmajor Enterprise Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 7,199,649	\$ 146,840	\$ 7,346,489
Due from other funds	4,873	-	4,873
Capital assets not being depreciated	41,076	-	41,076
Capital assets (net of accumulated depreciation)	35,532,256	-	35,532,256
 Total assets	 42,777,854	 146,840	 42,924,694
<b>LIABILITIES</b>			
Current liabilities			
Other liabilities	27,890	-	27,890
Noncurrent liabilities			
Due within one year	90,000	8,767	98,767
Due within more than one year	1,135,000	20,321	1,155,321
 Total liabilities	 1,252,890	 29,088	 1,281,978
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	34,348,332	-	34,348,332
Unrestricted	7,176,632	117,752	7,294,384
 TOTAL NET ASSETS	 \$ 41,524,964	 \$ 117,752	 \$ 41,642,716

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS

For the Year Ended April 30, 2010

	Water and Sewer Fund	Nonmajor Enterprise Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 3,344,259	\$ 115,175	\$ 3,459,434
Miscellaneous	47,148	-	47,148
Total operating revenues	3,391,407	115,175	3,506,582
<b>OPERATING EXPENSES</b>			
Operations	3,147,537	16,395	3,163,932
Total operating expenses	3,147,537	16,395	3,163,932
<b>OPERATING INCOME</b>			
BEFORE DEPRECIATION	243,870	98,780	342,650
Depreciation	1,153,624	-	1,153,624
OPERATING INCOME (LOSS)	(909,754)	98,780	(810,974)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	27,982	169	28,151
Grant	92,800	-	92,800
Interest expense	(55,760)	(1,431)	(57,191)
Total nonoperating revenues (expenses)	65,022	(1,262)	63,760
INCOME (LOSS) BEFORE CONTRIBUTIONS	(844,732)	97,518	(747,214)
CONTRIBUTIONS	495,300	-	495,300
CHANGE IN NET ASSETS	(349,432)	97,518	(251,914)
NET ASSETS, MAY 1	41,874,396	20,234	41,894,630
NET ASSETS, APRIL 30	\$ 41,524,964	\$ 117,752	\$ 41,642,716

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the Year Ended April 30, 2010

	Water and Sewer Fund	Nonmajor Enterprise Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 3,409,232	\$ 115,175	\$ 3,524,407
Payments to suppliers	(3,147,537)	(16,395)	(3,163,932)
Net cash from operating activities	<u>261,695</u>	<u>98,780</u>	<u>360,475</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Due from other funds	(4,873)	-	(4,873)
Net cash from noncapital financing activities	<u>(4,873)</u>	<u>-</u>	<u>(4,873)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital assets purchased	(57,706)	-	(57,706)
Grants	92,800	-	92,800
Bond principal payments	(85,000)	-	(85,000)
Note principal payments	-	(8,403)	(8,403)
Bond interest payments	(55,760)	-	(55,760)
Note interest payments	-	(1,432)	(1,432)
Net cash from capital and related financing activities	<u>(105,666)</u>	<u>(9,835)</u>	<u>(115,501)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	27,982	169	28,151
Net cash from investing activities	<u>27,982</u>	<u>169</u>	<u>28,151</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
	179,138	89,114	268,252
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>			
	<u>7,020,511</u>	<u>57,726</u>	<u>7,078,237</u>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>			
	<u>\$ 7,199,649</u>	<u>\$ 146,840</u>	<u>\$ 7,346,489</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (909,754)	\$ 98,780	\$ (810,974)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	1,153,624	-	1,153,624
Other liabilities	17,825	-	17,825
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 261,695</u>	<u>\$ 98,780</u>	<u>\$ 360,475</u>
<b>NONCASH TRANSACTIONS</b>			
Developer contributions	\$ 495,300	\$ -	\$ 495,300
<b>TOTAL NONCASH TRANSACTIONS</b>	<u>\$ 495,300</u>	<u>\$ -</u>	<u>\$ 495,300</u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
ARISING FROM MODIFIED CASH BASIS  
FIDUCIARY FUNDS

April 30, 2010

	Pension Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 228,055	\$ 1,484,964
Investments		
U.S. Treasury obligations	450,892	-
U.S. agency obligations	1,429,856	-
Money market mutual funds	182,039	-
Mutual funds	1,675,425	-
Life insurance contracts	79,949	-
	<u>4,046,216</u>	<u>\$ 1,484,964</u>
<b>LIABILITIES</b>		
Deposits payable	-	\$ 49,061
Due to other funds	-	350
Other payables	-	1,435,553
	<u>-</u>	<u>\$ 1,484,964</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
	<u>\$ 4,046,216</u>	

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
PENSION TRUST FUND

For the Year Ended April 30, 2010

<b>ADDITIONS</b>	
Contributions - employer	\$ 239,907
Contributions - employee	137,636
Contributions - other	<u>1,471</u>
Total contributions	<u>379,014</u>
Investment income	
Net appreciation in fair value of investments	531,817
Interest earned on investments	<u>66,254</u>
Total investment income	598,071
Less investment expense	<u>(14,557)</u>
Net investment income	<u>583,514</u>
Total additions	<u>962,528</u>
<b>DEDUCTIONS</b>	
Benefits and refunds	
Retirement pension	200,491
Disability pension	76,591
Administrative	<u>21,451</u>
Total deductions	<u>298,533</u>
NET INCREASE	663,995
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
May 1	<u>3,382,221</u>
April 30	<u><u>\$ 4,046,216</u></u>

See accompanying notes to financial statements.

VILLAGE OF ROUND LAKE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Round Lake, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)), except as described in Note 1d. 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 body corporate and politic established under Illinois Compiled Statutes (ILCS) governed by an elected Mayor/Board of Trustees. These financial statements present the Village and its component units as required by GAAP. The following component units have all been blended into the Village's reporting entity since, while governed by boards appointed by the Trustees of the Village, the component units are not legally separate entities as defined by ILCS: Police Pension Employees Retirement System.

b. Fund Accounting

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

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds) and the management of funds held in trust that can be used for governmental services (permanent fund). The general fund is used to account for all activities of the Village not accounted for in some other fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, the Village has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Village utilizes a pension trust fund which is generally used to account for assets that the Village holds in a fiduciary capacity and agency funds which are used to account for funds held by the Village in an agent capacity.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major governmental funds:

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

The Capital Projects Fund is used to account for village-wide capital projects.

The Village reports the following major proprietary funds:

The Water and Sewer Fund accounts for the provision of water and wastewater services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund.

The Village reports a pension trust fund as a fiduciary fund to account for the Police Pension Fund and agency funds for special service areas and impact fees.

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

The government-wide, proprietary and fiduciary financial statements are reported using the economic resources measurement focus and using the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recorded at the time of receipt by the Village. Expenses are recorded when the funds are disbursed. Depreciation of capital assets has also been shown on the government-wide financial statements. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recorded at the time of receipt by the Village. Expenditures are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, nonnegotiable certificates of deposit and investments with maturity of less than one year at date of purchase are stated at amortized cost. All other investments are stated at fair value. All investments of the pension trust fund are stated at fair value. Fair value has been based on quoted market prices at April 30, 2010 for debt and equity securities.

f. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans, if any, are classified as “interfund receivables/payables.” Long-term portions are classified as “advances from other funds” or “advances to other funds.”

g. 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 columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$5,000 (except for land which has no threshold) and an estimated useful life in excess of one year. 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 or service capacity of the asset or materially extend asset lives are not capitalized.

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

Assets	Years
Buildings	20-45
Equipment and vehicles	5-10
Water and sewer infrastructure	30-50
Other infrastructure	10-50

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Principal payments on long-term debt are recorded as expenditures in the fund financial statements but as a reduction of a liability on the government-wide and proprietary fund statements.

i. Fund Balance/Net Assets

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, if any, represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village's assets are restricted based on the Village's own enabling legislation. Invested in capital assets, net of related debt is the book value of the capital assets less the principal balance of any long-term debt issued to construct or acquire the capital assets.

2. DEPOSITS AND INVESTMENTS

The Village's investment policy authorizes the Village to invest in debt securities guaranteed by the United States (explicitly or implicitly), interest-bearing savings and money market accounts (also interest-bearing time deposits if FDIC insured and credit if main office is located in Illinois), interest-bearing certificates of deposit and Illinois Funds (a money market fund created by the State legislature under the control of the State Treasurer that maintains a \$1 share value).

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds using "good judgment and care" for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

The Village maintains a cash pool that is available for use by all funds. In addition, cash and investments are separately held by several of the Village's funds.

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral at a minimum of 110% of all bank balances in excess of federal depository insurance with the collateral held by an agent of the Village in the Village's name. The Village had uninsured deposits of \$463,613 at one financial institution collateralized with securities held by the pledging financial institution out of a total bank balance of \$12,634,665.

Village Investments

The following table presents the investments and maturities of the Village's debt securities as of April 30, 2010:

	Investment Maturities in Years				
	Fair Value	Less Than 1	1-5	6-10	Greater Than 10
Illinois Funds	\$ 908,856	\$ 908,856	\$ -	\$ -	\$ -
TOTAL	\$ 908,856	\$ 908,856	\$ -	\$ -	\$ -

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to meet daily cash flow requirements for ongoing operations in order to maximize yield on longer term investments by avoiding having to sell securities on the open market before maturity and by investing operating funds in shorter term securities, money market mutual funds or external investment pools.

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party custodian evidenced by safekeeping receipts.

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Village Investments (Continued)

Concentration of credit risk is the risk that the Village has too high a percentage of their investments invested in one type of investment. The Village's investment policy requires diversification of investment to avoid unreasonable risk.

Police Pension Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2010:

	Investment Maturities in Years				
	Fair Value	Less Than 1	1-5	6-10	Greater Than 10
U.S. Treasury	\$ 450,892	\$ 197,755	\$ -	\$ 253,137	\$ -
U.S. agency securities	1,429,856	-	50,041	-	1,379,815
Money Market					
Mutual Funds	182,039	182,039	-	-	-
<b>TOTAL</b>	<b>\$ 2,062,787</b>	<b>\$ 379,794</b>	<b>\$ 50,041</b>	<b>\$ 253,137</b>	<b>\$ 1,379,815</b>

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to meet daily cash flow requirements for ongoing operations in order to maximize yield on longer term investments by avoiding having to sell securities on the open market before maturity and by investing operating funds in shorter term securities, money market mutual funds or external investment pools. The Police Pension Fund's investment policy requires that securities purchased will not have a maturity of more than one year unless matched to a specific cash flow.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in investments approved by the Illinois Pension Code. The U.S. agency obligations and money market mutual funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party custodian approved by the Police Pension Fund Board and evidenced by safekeeping receipts.

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Police Pension Investments (Continued)

Concentration of credit risk is the risk that the Police Pension Fund has too high a percentage of their investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk.

3. PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the Village.

- The property tax lien date is January 1;
- Property taxes are due to the County Collector in two installments, June 1 and September 1; and
- Property taxes for 2009 were levied in December 2009 and are normally received monthly beginning in June and generally ending by December 2010.

4. CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year ended April 30, 2010 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 11,353,950	\$ -	\$ -	\$ 11,353,950
Construction in progress	745,681	825,149	1,184,276	386,554
Total capital assets not being depreciated	<u>12,099,631</u>	<u>825,149</u>	<u>1,184,276</u>	<u>11,740,504</u>
Capital assets being depreciated				
Buildings	9,249,505	615,626	-	9,865,131
Land improvements	877,587	-	-	877,587
Vehicles and equipment	1,870,175	-	-	1,870,175
Infrastructure	14,840,405	568,650	-	15,409,055
Total capital assets being depreciated	<u>26,837,672</u>	<u>1,184,276</u>	<u>-</u>	<u>28,021,948</u>

VILLAGE OF ROUND LAKE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Governmental Activities (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES (Continued)				
Less accumulated depreciation for				
Buildings	\$ 940,515	\$ 220,584	\$ -	\$ 1,161,099
Land improvements	323,713	51,752	-	375,465
Vehicles and equipment	1,398,788	120,631	-	1,519,419
Infrastructure	795,647	302,494	-	1,098,141
Total accumulated depreciation	3,458,663	695,461	-	4,154,124
Total capital assets being depreciated, net	23,379,009	488,815	-	23,867,824
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 35,478,640	\$ 1,313,964	\$ 1,184,276	\$ 35,608,328

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

GOVERNMENTAL ACTIVITIES		
General government		\$ 276,250
Public safety		88,852
Public works		326,862
Community development		3,497
TOTAL		<u>\$ 695,461</u>

Business-Type Activities

Business-type capital asset activity for the year ended April 30, 2010 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	\$ 277,037	\$ 50,993	\$ 316,954	\$ 11,076
Land	30,000	-	-	30,000
Total capital assets not being depreciated	307,037	50,993	316,954	41,076
Capital assets being depreciated				
Infrastructure	41,366,697	818,967	-	42,185,664
Vehicles and equipment	586,641	-	-	586,641
Total capital assets being depreciated	41,953,338	818,967	-	42,772,305

VILLAGE OF ROUND LAKE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Business-Type Activities (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
<b>BUSINESS-TYPE ACTIVITIES (Continued)</b>				
Less accumulated depreciation for				
Infrastructure	\$ 5,810,117	\$ 1,040,230	\$ -	\$ 6,850,347
Vehicles and equipment	276,308	113,394	-	389,702
Total accumulated depreciation	6,086,425	1,153,624	-	7,240,049
 Total capital assets being depreciated, net	35,866,913	(334,657)	-	35,532,256
 <b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 36,173,950</b>	<b>\$ (283,664)</b>	<b>\$ 316,954</b>	<b>\$ 35,573,332</b>

5. LONG-TERM DEBT

A summary of long-term debt of the Village for the year ended April 30, 2010 consisted of the following:

a. General Obligation Bonds

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
General Obligation (Alternate Revenue Source) Bonds, Series 2003C, are due in annual installments ranging from \$80,000 to \$525,000 through January 1, 2021, interest rates range from 2.375% to 4.80%, and payments are due semiannually on January 1 and July 1.	Water and Sewer	\$ 1,310,000	\$ -	\$ 85,000	\$ 1,225,000	\$ 90,000
General Obligation (Alternate Revenue Source) Bonds, Series 2005, are due in annual installments ranging from \$35,000 to \$275,000 through January 1, 2018, interest rates range from 2.60% to 4.10%, and payments are due semiannually on January 1 and July 1.	Utility Tax	2,054,000	-	195,000	1,859,000	200,000

VILLAGE OF ROUND LAKE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2010A, are due in annual installments ranging from \$50,000 to \$1,320,000 through January 1, 2029, interest rates range from 3.60% to 4.65%, and payments are due semiannually on January 1 and July 1.	Utility Tax	\$ -	\$ 9,100,000	\$ -	\$ 9,100,000	\$ -
General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2010B, are due in annual installments ranging from \$105,000 to \$255,000 through January 1, 2021, interest rates range from 2.25% to 3.60%, and payments are due semiannually on January 1 and July 1.	Utility Tax	-	1,260,000	-	1,260,000	105,000
<b>TOTAL</b>		<b>\$ 3,364,000</b>	<b>\$ 10,360,000</b>	<b>\$ 280,000</b>	<b>\$ 13,444,000</b>	<b>\$ 395,000</b>

b. Certificates

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
General Obligation Debt Certificates, Series 2003A, are due in annual installments ranging from \$75,000 to \$135,000 through January 1, 2021, interest rates range from 2.75% to 5.20%, and payments are due semiannually on January 1 and July 1.	Utility Tax	\$ 1,265,000	\$ -	\$ 1,265,000	\$ -	\$ -
General Obligation Debt Certificates, Series 2003D, are due in annual installments ranging from \$205,000 to \$515,000 through January 1, 2022, interest rates range from 4.40% to 5.30%, and payments are due semiannually on January 1 and July 1.	Utility Tax	3,830,000	-	220,000	3,610,000	230,000

VILLAGE OF ROUND LAKE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

b. Certificates (Continued)

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
General Obligation Debt Certificates, Series 2007, are due in annual installments ranging from \$280,000 to \$725,000 through January 1, 2027, interest rates range from 5.30% to 6.30%, and payments are due semi-annually on January 1 and July 1.	Utility Tax	\$ 8,325,000	\$ -	\$ 8,325,000	\$ -	\$ -
<b>TOTAL</b>		<b>\$ 13,420,000</b>	<b>\$ -</b>	<b>\$ 9,810,000</b>	<b>\$ 3,610,000</b>	<b>\$ 230,000</b>

c. Notes Payable

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Note payable in the amount of \$80,000, dated June 2003, interest rate of 4.25%, with a final maturity date of June 17, 2013.	Parking Lot Fees	\$ 37,492	\$ -	\$ 8,403	\$ 29,089	\$ 8,767
<b>TOTAL</b>		<b>\$ 37,492</b>	<b>\$ -</b>	<b>\$ 8,403</b>	<b>\$ 29,089</b>	<b>\$ 8,767</b>

d. Capital Leases

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
Capital leases in the amount of \$45,921, dated August 31, 2007, interest rate of 6.90%, with a final maturity date of August 31, 2010.	General	\$ 15,285	\$ -	\$ 15,285	\$ -	\$ -
<b>TOTAL</b>		<b>\$ 15,285</b>	<b>\$ -</b>	<b>\$ 15,285</b>	<b>\$ -</b>	<b>\$ -</b>

VILLAGE OF ROUND LAKE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

e. Long-Term Liabilities Summarized

Transactions for the year ended April 30, 2010 are summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 2,054,000	\$ 10,360,000	\$ 195,000	\$ 12,219,000	\$ 305,000
Debt certificates	13,420,000	-	9,810,000	3,610,000	230,000
Capital leases	15,285	-	15,285	-	-
Unamortized loss on refunding	-	(868,739)	-	(868,739)	-
<b>Total governmental activities</b>	<b>15,489,285</b>	<b>9,491,261</b>	<b>10,020,285</b>	<b>14,960,261</b>	<b>535,000</b>
<b>Business-Type Activities</b>					
General obligation bonds	1,310,000	-	85,000	1,225,000	90,000
Notes payable	37,492	-	8,403	29,089	8,767
<b>Total business-type activities</b>	<b>1,347,492</b>	<b>-</b>	<b>93,403</b>	<b>1,254,089</b>	<b>98,767</b>
<b>TOTAL GOVERNMENT</b>	<b>\$ 16,836,777</b>	<b>\$ 9,491,261</b>	<b>\$ 10,113,688</b>	<b>\$ 16,214,350</b>	<b>\$ 633,767</b>

f. Debt Service to Maturity

The annual requirements to amortize all debt outstanding of the Village, except the net pension obligation, as of April 30, 2010 are as follows:

Bonds

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 305,000	\$ 413,062	\$ 718,062	\$ 90,000	\$ 52,285	\$ 142,285
2012	310,000	490,348	800,348	95,000	49,045	144,045
2013	325,000	479,785	804,785	95,000	45,483	140,483
2014	335,000	468,710	803,710	100,000	41,778	141,778
2015	344,000	457,685	801,685	105,000	37,778	142,778
2016-2020	2,135,000	2,084,975	4,219,975	600,000	115,926	715,926
2021-2025	3,820,000	1,565,732	5,385,732	140,000	6,720	146,720
2026-2029	4,645,000	552,996	5,197,996	-	-	-
<b>TOTAL</b>	<b>\$12,219,000</b>	<b>\$ 6,513,293</b>	<b>\$ 18,732,293</b>	<b>\$ 1,225,000</b>	<b>\$ 349,015</b>	<b>\$ 1,574,015</b>

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

f. Debt Service to Maturity (Continued)

Notes Payable

Fiscal Year	Principal	Interest	Total
2011	\$ 8,767	\$ 1,067	\$ 9,834
2012	9,147	687	9,834
2013	9,544	290	9,834
2014	1,631	8	1,639
<b>TOTAL</b>	<b>\$ 29,089</b>	<b>\$ 2,052</b>	<b>\$ 31,141</b>

Certificates

Fiscal Year	Principal	Interest	Total
2011	\$ 230,000	\$ 180,998	\$ 410,998
2012	235,000	170,993	405,993
2013	245,000	160,183	405,183
2014	255,000	148,668	403,668
2015	265,000	136,300	401,300
2016-2020	1,515,000	466,960	1,981,960
2021-2022	865,000	73,140	938,140
<b>TOTAL</b>	<b>\$ 3,610,000</b>	<b>\$ 1,337,242</b>	<b>\$ 4,947,242</b>

g. Special Service Area Debt without Village Obligation

Special Service Area #1 - The Village issued special tax bonds in the fiscal year ended 2003 in the amount of \$12,600,000 for improvements within SSA #1. During the fiscal year ended 2007, the Village, as agent for Lakewood Grove Special Service Area #1 issued Special Tax Refunding Bonds, Series 2007 with a face value of \$13,000,000, bearing interest ranging from 5.00% to 9.00%. A portion of the sale of the bonds has been deposited into an escrow account to be used to advance refund the Prior SSA One Bonds. These bonds are payable by tax levy from the Special Service Area #1 only, and are not Village obligations. SSA One Bonds outstanding at April 30, 2010 were \$12,335,000, and Refunding Bonds outstanding at April 30, 2010 were \$12,690,000.

5. LONG-TERM DEBT (Continued)

g. Special Service Area Debt without Village Obligation (Continued)

Special Service Area #3 - The Village issued special tax bonds in the fiscal year ended 2004 in the amount of \$3,570,000 for improvements within SSA #3. During the fiscal year ended 2007, the Village, as agent for Lakewood Grove Special Service Area #3 issued Special Tax Refunding Bonds, Series 2007 with a face value of \$4,040,000 bearing interest ranging from 4.70% to 5.50%. A portion of the sale of the bonds has been deposited into an escrow account to be used to advance refund Prior SSA Three Bonds. These bonds are payable by tax levy from the Special Service Area #3 only, and are not Village obligations. SSA Three Bonds outstanding at April 30, 2010 were \$3,462,000, and Refunding Bonds outstanding at April 30, 2010 were \$3,908,000.

Special Service Area #4 - The Village issued special tax bonds in the fiscal year ended 2004 in the amount of \$5,040,000 for improvements within SSA #4. During the fiscal year ended 2007, the Village, as agent for Lakewood Grove Special Service Area #4 issued Special Tax Refunding Bonds, Series 2007 with a face value of \$5,750,000 and an interest rate of 6.75%. A portion of the sale of the bonds has been deposited into an escrow account to be used to advance refund Prior SSA Four Bonds. These bonds are payable by tax levy from the Special Service Area #4 only, and are not Village obligations. SSA Four Bonds outstanding at April 30, 2010 were \$4,930,000, and Refunding Bonds outstanding at April 30, 2010 were \$5,550,000.

These Special Service Area Bonds are treated as special service area no commitment debt without Village obligation. The Village acts only as an agent for the property owners in collecting property taxes and forwarding payments to the bond paying agent. Transactions are recorded in an agency fund. The bonds are not reflected in long-term debt.

h. Refunding

On March 30, 2010, the Village issued \$9,100,000 General Obligation Refunding Bonds (Alternate Revenue Source), Series 2010A, dated March 15, 2010, with principal maturing January 1, 2017 – 2029, ranging from \$50,000 to \$1,320,000, interest payable semiannually each January 1 and July 1, commencing January 1, 2011 at rates of 3.60% to 4.65%. \$8,859,879 of the proceeds of the bonds, including original issue discount, have been deposited into an irrevocable trust to advance refund, through an in-substance defeasance, \$8,045,000 of the Series 2007 Debt Certificates. Through the refunding, the Village increased its overall debt service by \$1,953,505 and had an economic gain of \$175,908. \$8,045,000 of the defeased certificates were outstanding to be paid from escrow as of April 30, 2010.

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

h. Refunding (Continued)

On March 30, 2010, the Village issued \$1,260,000 General Obligation Refunding Bonds (Alternate Revenue Source), Series 2010B, dated March 15, 2010, with principal maturing January 1, 2011 – 2021, ranging from \$105,000 to \$255,000, interest payable semiannually each January 1 and July 1, commencing January 1, 2011 at rates of 2.25% to 3.70%. \$1,233,861 of the proceeds of the bonds, including original issue discount, have been deposited into an irrevocable trust to advance refund, through an in-substance defeasance, \$1,180,000 of the Series 2003A Debt Certificates. Through the refunding, the Village reduced its overall debt service by \$63,933 and had an economic gain of \$54,331. \$1,180,000 of the defeased certificates were outstanding to be paid from escrow as of April 30, 2010.

6. INTERFUND ACTIVITY

Interfund transfers during the year ended April 30, 2010 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 625,000
Nonmajor Governmental Funds	625,000	-
<b>TOTAL</b>	<b>\$ 625,000</b>	<b>\$ 625,000</b>

Significant transfers between funds for the year ended April 30, 2010 consist of the following:

- \$625,000 transferred from the General Fund to a Nonmajor Governmental Fund to support debt service payments for the 2007 debt series. This transfer will not be repaid.

Interfund payables and receivables at April 30, 2010 consisted of the following:

	<u>Payable Fund</u>	<u>Receivable Fund</u>
General Fund	\$ 4,873	\$ 350
Water and Sewer Fund	-	4,873
Agency Funds	350	-
<b>TOTAL</b>	<b>\$ 5,223</b>	<b>\$ 5,223</b>

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. INTERFUND ACTIVITY (Continued)

Interfund payables and receivables at April 30, 2010 consist of the following:

- \$4,873 due to the Water and Sewer Fund from the General Fund for an adjustment to gas and oil charges between the police and public works departments. Repayment is expected within one year.
- \$350 due to Agency Funds from the General Fund for interest earned on cash balances. Repayment is expected within one year.

Interfund advances at April 30, 2010 consisted of the following:

	Payable Fund	Receivable Fund
General Fund	\$ 630,411	\$ -
Nonmajor Governmental Funds	-	630,411
<b>TOTAL</b>	<b>\$ 630,411</b>	<b>\$ 630,411</b>

- \$630,411 advanced to the General Fund from a Nonmajor Governmental Fund representing a loan supported by general revenues. As of April 30, 2010, no repayment schedule has been established.

7. RISK MANAGEMENT

The Village purchases health, dental, vision and life insurance from various insurance brokers for the benefit of its employees.

Illinois Municipal League Risk Management Association

The Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is an organization of Illinois municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its risk management needs. IMLRMA administers a mix of self-insurance and commercial insurance coverages, property/casualty and workers' compensation claim administration and litigation management services, unemployment claim administration, extensive risk management/loss control consulting and training programs and a risk information system and financial reporting service for its members.

7. RISK MANAGEMENT (Continued)

Illinois Municipal League Risk Management Association (Continued)

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IMLRMA beyond its representation on the Board of Directors. Initial contributions are determined each year based on the individual member's eligible revenue as defined in the bylaws of IMLRMA and experience modification factors based on past member loss experience. Each member assumes the first \$1,000 of each occurrence, and IMLRMA has self-insurance retentions at various amounts above that level. Members have a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits. The Village's payments to IMLRMA are displayed on the financial statements as expenditures/expenses in the appropriate funds. The coverages provided by IMLRMA are generally consistent with the coverages in the prior year. The Village incurred no losses in excess of coverages for each of the past three fiscal years.

8. COMMITMENTS AND CONTINGENCIES

a. Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

b. Grants

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

c. Solid Waste Agency of Lake County (SWALCO)

The Village's contract with SWALCO provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. COMMITMENTS AND CONTINGENCIES (Continued)

d. Construction Contracts

The Village has entered into contracts for the construction or renovation of various facilities as follows:

	Purpose	Expended to Date	Total Commitment
Hart Road Engineering Phase 1	Phase 1 engineering for Hart Road between Route 134 and Cedar Lake Road.	\$ 57,768	\$ 184,668
Nippersink / Fairfield Intersection	Signal installation and roadway improvements.	299,221	314,970
Replace Server / Village Hall	Replace village hall server.	11,038	13,797
Lawn Terrace Road & Watermain Project	Roadway and watermain improvement on Lawn Terrace.	-	60,400
ITEP Beautification Project	Move old concrete bins and replace with green space	45,288	68,147
Sanitary Sewer Flow Monitoring	Study of flow monitoring in the Village to identify inflow and infiltration.	32,622	33,300
Water & Sewer Rate Study	Consultant services for an analysis of the water and sewer rates, and rate structure	14,839	22,500

9. JOINT VENTURES

Solid Waste Agency of Lake County (SWALCO)

Description of Joint Venture

The Village is a member of SWALCO, which consists of 42 municipalities. SWALCO is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SWALCO is empowered under the Act to plan, construct, finance, operate and maintain a solid waste disposal system to serve its members.

9. JOINT VENTURES (Continued)

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

Description of Joint Venture (Continued)

The members form a contiguous geographic service area, which is located in Lake County. Under the Agency Agreement, additional members may join SWALCO upon the approval of each member.

SWALCO is governed by a Board of Directors, which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of SWALCO are appointed by the Board of Directors. The Board of Directors determines the general policy of SWALCO; makes all appropriations; approves contracts; adopts resolutions providing for the issuance of bonds or notes by SWALCO; adopts bylaws, rules and regulations; and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the bylaws.

SWALCO is an oversight advisory board providing long-range planning services to member municipalities. The Village is a participant in SWALCO, but no agreement has been reached as to services to be provided. Payments to SWALCO during the current fiscal year totaled \$5,894.

Complete financial statements can be obtained from the Solid Waste Agency of Lake County, 1300 N. Skokie Highway, Suite 103, Gurnee, Illinois 60031.

The Village does not have an equity interest in SWALCO at April 30, 2010.

CenCom E-911 Joint Emergency Telephone System

The Village is a member of CenCom E-911 Joint Emergency Telephone System. The Village's contribution to CenCom is reflected as an operating disbursement of the general fund.

The purpose of the joint agreement is to provide joint and mutual operation of an E-911 emergency telephone system.

At April 30, 2010, CenCom had eight members. Each member is represented on the Board of Directors, which governs CenCom and establishes the budget.

CenCom is financed by a telephone surcharge. In addition, participating members pay a share of operating costs for dispatching services. Payments to CenCom during the current fiscal year totaled \$234,774. The entity is not considered a component unit of the Village.

10. EMPLOYEE RETIREMENT SYSTEMS

a. Plan Descriptions and Provisions

The Village contributes to three defined benefit pension plans (collectively referred to as the Pension Plans), the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Sheriff's Law Enforcement Personnel Fund (SLEP), which is administered by IMRF and is also an agent multiple-employer public employee retirement system; and the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by ILCS and can only be amended by the Illinois General Assembly. Neither the Pension Plans nor the Other Postemployment Benefit Plan issue separate reports on the plans. However, IMRF issues a publicly available report that includes financial statements and required supplementary information for the plan as a whole, but not for individual employers. Those reports can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois (other than those covered by SLEP or Police Pension Plan).

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months' earnings during the last ten years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the coverage of its own employees in the system, using the actuarial basis specified by state statute (entry-age normal). The employer contribution for the calendar year ended December 31, 2009 was 9.78% of covered payroll.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Sheriff's Law Enforcement Personnel

Sheriff's Law Enforcement Personnel (SLEP) having accumulated at least 20 years of SLEP service and terminating IMRF participation or after January 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit payable monthly for life, in an amount equal to 2 1/2% of their final rate of earnings for each year of credited service up to 20 years, 2.0% of their final earnings rate for the next ten years of credited service and 1.0% for each year thereafter. For SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. These benefit provisions and all other requirements are established by ILCS. Participating members are required to contribute 7.5% of their annual salary to SLEP. The Village is required to contribute the remaining amounts necessary to fund SLEP as specified by statute. The employer contribution for the year ended December 31, 2009 was 20.44% of covered payroll.

Police Pension Plan

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 contributions levels are governed by ILCS (Chapter 40 - Article 5/3) and can be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At April 30, 2010, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	6
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	
Vested	4
Nonvested	18
	<hr/>
TOTAL	<u>29</u>

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan (Continued)

The following is a summary of the Police Pension Plan as provided for in ILCS.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 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 pension 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% compounded interest annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension 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 Police Pension Plan as actuarially determined by an enrolled actuary. The Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033. The employer contribution for the fiscal year ended April 30, 2010 was 21.24% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

**Basis of Accounting:** The financial statements are prepared using the modified cash basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee contributions are withheld and the employer contributions are received.

**Method Used to Value Investments:** Investments are reported at fair value. Investment income is recognized as earned.

Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

VILLAGE OF ROUND LAKE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

Significant Investments: There were no investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represents 5% or more of net assets available for benefits.

Related Party Transactions: There were no securities of the employer or any other related parties included in plan assets, including any loans.

Administrative costs for the Police Pension Plan are financed primarily through investment earnings.

c. Annual Pension Cost

Employer contributions have been determined as follows:

	Sheriff's Law Enforcement Personnel	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2007	December 31, 2007	April 30, 2009
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	23 Years, Closed	23 Years, Closed	24 Years, Closed
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	4.00% Compounded Annually	5.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 10.00%	.40% to 10.00%	Not Available

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

Employer annual pension cost (APC) actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	For Fiscal Year	Sheriff's Law Enforcement Personnel	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2008	\$ 11,197	\$ 161,502	\$ 245,451
	2009	22,793	178,771	276,974
	2010	13,167	166,565	342,824
Actual contribution	2008	\$ 11,197	\$ 161,502	\$ 245,451
	2009	22,793	178,771	276,974
	2010	13,167	166,565	239,907
Percentage of APC contributed	2008	100.00%	100.00%	100.00%
	2009	100.00%	100.00%	100.00%
	2010	100.00%	100.00%	69.98%
NPO (asset)	2008	\$ -	\$ -	\$ -
	2009	-	-	-
	2010	-	-	102,917

A net pension obligation (asset) has not been included in the basic financial statements of the Village, as it is not a requirement for cash basis presentation.

Funded Status and Funding Progress: Based on actuarial valuations as of December 31, 2009 and April 30, 2009, the funded status of the plans as of April 30, 2010 was as follows:

	Illinois Municipal Retirement	Sheriff's Law Enforcement Personnel	Police Pension
Actuarial accrued liability (AAL)	\$ 2,401,393	\$ -	\$ 6,581,524
Actuarial value of plan assets	1,384,125	49,815	3,382,221
Unfunded actuarial accrued liability (UAAL)	1,017,268	(49,815)	3,199,303
Funded ratio (actuarial value of plan assets/AAL)	57.64%	0.00%	51.39%
Covered payroll (active plan members)	\$ 1,699,152	\$ 98,958	\$ 1,303,735
UAAL as a percentage of covered payroll	59.87%	0.00%	245.40%

11. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the Village's governmental and business-type activities.

b. Benefits Provided

The Village provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's two retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At April 30, 2010, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	4
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	<u>49</u>
 TOTAL	 <u>53</u>
 Participating Employers	 <u><u>1</u></u>

d. 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.

VILLAGE OF ROUND LAKE, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the Plan as of April 30, 2010 to determine the funded status of the Plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2011. The Village's annual OPEB cost (expense) of \$25,348 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of April 30, 2009. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2010 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of April 30, 2010):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	\$ 25,348	\$ 16,333	64.4%	\$ 9,015

The net OPEB obligation as of April 30, 2010 was calculated as follows:

Annual Required Contribution	\$ 25,348
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	25,348
Contributions Made	16,333
Increase in Net OPEB Obligation	9,015
Net OPEB Obligation Beginning of Year	-
<b>NET OPEB OBLIGATION END OF YEAR</b>	<b>\$ 9,015</b>

A net other postemployment benefit obligation (asset) has not been included in the basic financial statements of the Village, as it is not a requirement for cash basis presentation.

Funded Status and Funding Progress: The funded status of the Plan as of April 30, 2010 was as follows:

Actuarial Accrued Liability (AAL)	\$ 175,402
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	175,402
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 2,911,431
UAAL as a Percentage of Covered Payroll	6.02%

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and 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 plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2010, actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included no investment rate of return and an initial healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 6.0%. Both rates include a 3.0% inflation assumption and 5.0% wage inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2010 was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
GENERAL FUND

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES COLLECTED</b>			
Property taxes	\$ 3,276,496	\$ 3,276,496	\$ 3,544,667
Charges for service	539,490	539,490	549,903
Licenses and permits	72,011	72,011	119,652
Intergovernmental	2,198,848	2,198,848	1,672,667
Fines	161,420	161,420	157,055
Franchise fees	189,410	189,410	181,010
Investment income	52,656	52,656	20,341
Miscellaneous income	112,367	112,367	115,548
	<hr/>		
Total revenues collected	6,602,698	6,602,698	6,360,843
<b>EXPENDITURES PAID</b>			
Current			
General government	1,962,268	1,966,868	1,664,155
Public safety	3,332,423	3,334,223	2,996,766
Public works	1,018,728	1,046,178	901,942
Community development	446,611	456,411	388,142
Contingencies	224,256	224,256	-
Capital outlay	572,697	529,047	80,256
Debt service			
Principal	-	-	15,285
Interest and fiscal charges	-	-	1,054
	<hr/>		
Total expenditures paid	7,556,983	7,556,983	6,047,600
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>			
	(954,285)	(954,285)	313,243
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(625,000)	(625,000)	(625,000)
	<hr/>		
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,579,285)</b>	<b>\$ (1,579,285)</b>	<b>(311,757)</b>
<hr/>			
FUND BALANCE, MAY 1			4,487,083
<hr/>			
FUND BALANCE, APRIL 30			<b>\$ 4,175,326</b>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS  
 SCHEDULE OF FUNDING PROGRESS  
 ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2010

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2004	\$ 2,117,653	\$ 2,260,698	93.67%	\$ 143,045	\$ 1,204,151	11.88%
2005	2,314,734	2,506,222	92.36%	191,488	1,339,086	14.30%
2006	2,358,720	2,678,374	88.07%	319,654	1,520,757	21.02%
2007	2,242,161	2,660,046	84.29%	417,885	1,710,825	24.43%
2008	2,055,947	2,846,652	72.22%	790,705	1,864,145	42.42%
2009	1,384,125	2,401,393	57.64%	1,017,268	1,699,152	59.87%

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
SHERIFF'S LAW ENFORCEMENT PERSONNEL PLAN

April 30, 2010

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2004	NA	NA	NA	NA	NA	NA
2005	NA	NA	NA	NA	NA	NA
2006	\$ 22,715	\$ 195,683	11.61%	\$ 172,968	\$ 82,272	210.24%
2007	41,050	184,604	22.24%	143,554	90,961	157.82%
2008	64,775	232,612	27.85%	167,837	96,910	173.19%
2009	49,815	-	0.00%	(49,815)	98,958	0.00%

NA - The Village began participation in the Plan in calendar year 2006.

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND

April 30, 2010

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2004	\$ 2,280,580	\$ 3,760,768	60.64%	\$ 1,480,188	\$ 991,596	149.27%
2005	2,585,482	4,499,338	57.46%	1,913,856	1,013,558	188.83%
2006	2,911,917	5,036,023	57.82%	2,124,106	1,133,899	187.33%
2007	3,246,110	4,924,860	65.91%	1,678,750	1,049,875	159.90%
2008	3,615,290	5,893,880	61.34%	2,278,590	1,250,304	182.24%
2009	3,382,221	6,581,524	51.39%	3,199,303	1,303,735	245.40%

Note: The actuarial valuations performed by the State of Illinois Division of Insurance were used for fiscal years 2007 and prior and by an independent actuary for 2008 and 2009.

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS  
 SCHEDULE OF FUNDING PROGRESS  
 OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2010

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2010	\$ -	\$ 175,402	0.00%	\$ 175,402	\$ 2,911,431	6.02%

Note: The Village implemented GASB 45 as of April 30, 2010.  
 No information is available for prior periods.

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2010

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2005	\$ 110,782	\$ 110,782	100.00%
2006	119,848	119,848	100.00%
2007	143,103	143,103	100.00%
2008	161,502	161,502	100.00%
2009	178,771	178,771	100.00%
2010	166,565	166,565	100.00%

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
SHERIFF'S LAW ENFORCEMENT PERSONNEL PLAN

April 30, 2010

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<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2005	NA	NA	NA
2006	NA	NA	NA
2007	\$ 11,082	\$ 11,082	100.00%
2008	11,197	11,197	100.00%
2009	22,793	22,793	100.00%
2010	13,167	13,167	100.00%

NA - The Village began participation in the Plan in fiscal year 2007.

Note: The Village no longer has any employees in the Sheriff's Law Enforcement Personnel Plan as of April 30, 2010.

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

April 30, 2010

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Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2005	\$ 173,164	\$ 171,739	100.83%
2006	164,106	164,765	99.60%
2007	222,712	223,427	99.68%
2008	245,451	245,451	100.00%
2009	276,974	276,974	100.00%
2010	239,907	342,824	69.98%

Note: The Village contributes to the Police Pension Fund based on the State of Illinois Division of Insurance actuarial valuation. Fiscal years 2009 and 2010 annual required contributions (ARC) are based on an independent actuarial valuation.

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2010

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<u>April 30,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2010	\$ 16,333	\$ 25,348	64.44%

Note: The Village implemented GASB 45 as of April 30, 2010.  
No information is available for prior periods.

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2010

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BUDGETS AND BUDGETARY ACCOUNTING

The governmental, proprietary and pension trust funds (excluding the Special Service Area #1, #3 and #4 and Impact Fee Funds) have legally adopted annual budgets prepared on the cash basis. Budgetary comparisons are reflected in the financial statements for all governmental and enterprise funds. The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Finance Director submits a proposed appropriation ordinance to the Village Board for review and approval. The proposed ordinance is made available for public inspection at least ten days prior to final Board action.
2. A public hearing is conducted to obtain taxpayer comments on the proposed fiscal year appropriation ordinance.
3. The appropriation ordinance is legally enacted prior to August 1. Appropriations lapse at year end.
4. Per State statutes, the Board of Trustees may:

By two-thirds vote transfer within any department amounts appropriated for an object or purpose to another object or purpose. No object or purpose can be reduced below an amount sufficient to provide for all obligations incurred or to be incurred against the appropriation.

Adopt a supplemental appropriation ordinance in an amount not to exceed any additional revenue available, including unappropriated fund balances or amounts estimated to be received after adoption of the annual appropriation ordinance. A supplemental appropriation ordinance was passed.

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF ROUND LAKE, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES PAID -  
BUDGET AND ACTUAL - CASH BASIS  
GENERAL FUND

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
<b>EXPENDITURES PAID</b>			
General government			
Administration			
Personal services	\$ 425,071	\$ 425,171	\$ 382,773
Taxes, pensions and insurance	124,357	124,357	109,479
Contractual services	1,306,972	1,306,972	1,086,100
Commodities	22,039	22,039	15,341
Repairs and replacement	29,898	34,398	21,904
Miscellaneous	53,931	53,931	48,558
Total administrative	1,962,268	1,966,868	1,664,155
Capital outlay	235,752	235,752	37,783
Public safety			
Police			
Personal services	2,039,973	2,039,973	1,821,792
Taxes, pensions and insurance	471,754	471,754	626,017
Contractual services	554,104	554,104	392,557
Commodities	144,126	144,126	90,522
Repairs and replacement	73,278	73,278	52,781
Miscellaneous	49,188	50,988	13,097
Total police	3,332,423	3,334,223	2,996,766
Capital outlay	287,464	243,814	37,700
Public works			
Public works department			
Personal services	363,455	363,455	348,014
Taxes, pensions and insurance	123,891	128,091	121,457
Contractual services	222,492	231,442	196,218
Commodities	181,031	181,031	115,437
Repairs and replacement	127,859	142,159	120,816
Total public works	1,018,728	1,046,178	901,942
Capital outlay	32,849	32,849	3,806

(This schedule is continued on the following page.)

VILLAGE OF ROUND LAKE, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES PAID -  
 BUDGET AND ACTUAL - CASH BASIS (Continued)  
 GENERAL FUND

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
EXPENDITURES PAID (Continued)			
Community development			
Building department			
Personal services	\$ 296,495	\$ 296,495	\$ 268,533
Taxes, pensions and insurance	93,667	103,267	89,421
Contractual services	35,393	35,393	20,049
Commodities	18,713	18,713	8,491
Repairs and replacement	2,343	2,543	1,648
Total building department	446,611	456,411	388,142
Capital outlay	16,632	16,632	967
Debt service			
Principal	-	-	15,285
Interest and fiscal charges	-	-	1,054
Total debt service	-	-	16,339
Contingencies	224,256	224,256	-
<b>TOTAL EXPENDITURES PAID</b>	<b>\$ 7,556,983</b>	<b>\$ 7,556,983</b>	<b>\$ 6,047,600</b>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
CAPITAL PROJECTS FUND

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES COLLECTED</b>			
Utility tax	\$ 268,600	\$ 268,600	\$ 193,483
Intergovernmental	-	-	14,834
Impact fees	-	-	29,738
Recapture fees	320,500	320,500	269,131
Investment income	16,349	16,349	6,213
	<hr/>		
Total revenues collected	605,449	605,449	513,399
<hr/>			
<b>EXPENDITURES PAID</b>			
Current			
General government			
Contractual services	34,925	37,525	35,179
Capital outlay	1,951,764	1,949,164	969,630
	<hr/>		
Total expenditures paid	1,986,689	1,986,689	1,004,809
<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (1,381,240)</u>	<u>\$ (1,381,240)</u>	(491,410)
FUND BALANCE, MAY 1			<u>1,531,527</u>
FUND BALANCE, APRIL 30			<u>\$ 1,040,117</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
ARISING FROM CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2010

	Special Revenue		Debt Service	
	Motor Fuel Tax Fund	Bright Meadows SSA #1 Fund	2005 Bonds Debt Service Fund	2003 Bonds Debt Service Fund
ASSETS				
Cash and investments	\$ 367,624	\$ 84,701	\$ 31,326	\$ 46,284
Advance to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 367,624</b>	<b>\$ 84,701</b>	<b>\$ 31,326</b>	<b>\$ 46,284</b>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
FUND BALANCES				
Reserved for streets	367,624	-	-	-
Reserved for working cash	-	-	-	-
Reserved for debt service	-	-	31,326	46,284
Reserved for specific purpose	-	84,701	-	-
Total fund balances	367,624	84,701	31,326	46,284
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 367,624</b>	<b>\$ 84,701</b>	<b>\$ 31,326</b>	<b>\$ 46,284</b>

Debt Service		Permanent		
2007 Bonds Debt Service Fund	2010 Bonds Debt Service Fund	Working Cash Fund		Total
\$ 9,231	\$ 18,670	\$ 20,693	\$	578,529
-	-	630,411	\$	630,411
\$ 9,231	\$ 18,670	\$ 651,104	\$	1,208,940
\$ -	\$ -	\$ -	\$	-
-	-	-	-	-
-	-	-		367,624
-	-	651,104		651,104
9,231	18,670	-		105,511
-	-	-		84,701
9,231	18,670	651,104		1,208,940
\$ 9,231	\$ 18,670	\$ 651,104	\$	1,208,940

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCES - CASH BASIS  
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2010

	Special Revenue		Debt Service	
	Motor Fuel Tax Fund	Bright Meadows SSA #1 Fund	2005 Bonds Debt Service Fund	2003 Bonds Debt Service Fund
<b>REVENUES COLLECTED</b>				
Property taxes	\$ -	\$ 39,973	\$ -	\$ -
Utility taxes	-	-	241,708	451,241
Intergovernmental				
Motor fuel tax	440,114	-	-	-
Miscellaneous	-	-	-	-
Investment income	395	363	108	950
<b>Total revenues collected</b>	<b>440,509</b>	<b>40,336</b>	<b>241,816</b>	<b>452,191</b>
<b>EXPENDITURES PAID</b>				
Current				
General government	-	20,453	20	7,750
Public works	79,778	-	-	-
Capital outlay	154,542	-	-	-
Debt service				
Principal	-	-	195,000	305,000
Interest and fiscal charges	-	-	81,330	252,159
<b>Total expenditures paid</b>	<b>234,320</b>	<b>20,453</b>	<b>276,350</b>	<b>564,909</b>
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>	<b>206,189</b>	<b>19,883</b>	<b>(34,534)</b>	<b>(112,718)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Bonds issued at par	-	-	-	-
Discount on bonds issued	-	-	-	-
Payment to escrow agent	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>206,189</b>	<b>19,883</b>	<b>(34,534)</b>	<b>(112,718)</b>
<b>FUND BALANCES, MAY 1</b>	<b>161,435</b>	<b>64,818</b>	<b>65,860</b>	<b>159,002</b>
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 367,624</b>	<b>\$ 84,701</b>	<b>\$ 31,326</b>	<b>\$ 46,284</b>

Debt Service		Permanent		Total
2007 Bonds Debt Service Fund	2010 Bonds Debt Service Fund	Working Cash Fund		
\$ -	\$ -	\$ 8,421	\$ -	\$ 48,394
109,035	-	-	-	801,984
-	-	-	-	440,114
-	17,766	-	-	17,766
383	8	53	-	2,260
109,418	17,774	8,474	-	1,310,518
-	-	-	-	28,223
-	-	-	-	79,778
-	-	-	-	154,542
280,000	-	-	-	780,000
488,025	238,697	-	-	1,060,211
768,025	238,697	-	-	2,102,754
(658,607)	(220,923)	8,474	-	(792,236)
625,000	-	-	-	625,000
-	10,360,000	-	-	10,360,000
-	(26,668)	-	-	(26,668)
-	(10,093,739)	-	-	(10,093,739)
625,000	239,593	-	-	864,593
(33,607)	18,670	8,474	-	72,357
42,838	-	642,630	-	1,136,583
\$ 9,231	\$ 18,670	\$ 651,104	\$ -	\$ 1,208,940

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
MOTOR FUEL TAX FUND

For the Year Ended April 30, 2010

	Original and Final Budget	Actual
<b>REVENUES COLLECTED</b>		
Motor fuel tax	\$ 459,844	\$ 440,114
Investment income	1,414	395
Total revenues collected	<u>461,258</u>	<u>440,509</u>
<b>EXPENDITURES PAID</b>		
Current		
Public works		
Contractual services	16,616	10,189
Commodities	86,419	42,692
Repairs and replacement	5,060	1,897
Administrative charges	25,000	25,000
Contingencies	14,503	-
Capital outlay	<u>396,179</u>	<u>154,542</u>
Total expenditures paid	<u>543,777</u>	<u>234,320</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (82,519)</u>	206,189
<b>FUND BALANCE, MAY 1</b>		<u>161,435</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 367,624</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
BRIGHT MEADOWS SSA #1 FUND

For the Year Ended April 30, 2010

	Original and Final Budget	Actual
<b>REVENUES COLLECTED</b>		
Property taxes	\$ 39,501	\$ 39,973
Investment income	623	363
	<u>40,124</u>	<u>40,336</u>
<b>EXPENDITURES PAID</b>		
Current		
General government		
Contractual services	37,714	20,453
Contingencies	1,029	-
	<u>38,743</u>	<u>20,453</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,381</u>	19,883
<b>FUND BALANCE, MAY 1</b>		<u>64,818</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 84,701</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
2005 BONDS DEBT SERVICE FUND

For the Year Ended April 30, 2010

	Original and Final Budget	Actual
<b>REVENUES COLLECTED</b>		
Utility taxes	\$ 257,100	\$ 241,708
Investment income	707	108
Total revenues collected	<u>257,807</u>	<u>241,816</u>
<b>EXPENDITURES PAID</b>		
Current		
General government		
Contractual services	-	20
Debt service		
Principal	195,000	195,000
Interest and fiscal charges	82,029	81,330
Total expenditures paid	<u>277,029</u>	<u>276,350</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (19,222)</u>	(34,534)
<b>FUND BALANCE, MAY 1</b>		<u>65,860</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 31,326</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
2003 BONDS DEBT SERVICE FUND

For the Year Ended April 30, 2010

	Original and Final Budget	Actual
<b>REVENUES COLLECTED</b>		
Utility taxes	\$ 501,025	\$ 451,241
Investment income	1,687	950
Total revenues collected	<u>502,712</u>	<u>452,191</u>
<b>EXPENDITURES PAID</b>		
Current		
General government		
Utilities	7,700	7,750
Debt service		
Principal	305,000	305,000
Interest and fiscal charges	253,692	252,159
Total expenditures paid	<u>566,392</u>	<u>564,909</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (63,680)</u>	(112,718)
<b>FUND BALANCE, MAY 1</b>		<u>159,002</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 46,284</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
2007 BONDS DEBT SERVICE FUND

For the Year Ended April 30, 2010

	Original and Final Budget	Actual
<b>REVENUES COLLECTED</b>		
Utility tax	\$ 130,775	\$ 109,035
Investment income	426	383
Total revenues collected	<u>131,201</u>	<u>109,418</u>
<b>EXPENDITURES PAID</b>		
Debt service		
Principal	280,000	280,000
Interest and fiscal charges	488,984	488,025
Total expenditures paid	<u>768,984</u>	<u>768,025</u>
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>	<b>(637,783)</b>	<b>(658,607)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer in	<u>625,000</u>	<u>625,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ (12,783)</u></b>	<b>(33,607)</b>
FUND BALANCE, MAY 1		<u>42,838</u>
FUND BALANCE, APRIL 30		<u><u>\$ 9,231</u></u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
2010 BONDS DEBT SERVICE FUND

For the Year Ended April 30, 2010

	Original and Final Budget	Actual
<b>REVENUES COLLECTED</b>		
Miscellaneous		
Accrued interest on bonds issued	\$ -	\$ 17,766
Investment income	-	8
	<u>-</u>	<u>17,774</u>
Total revenues collected		
<b>EXPENDITURES PAID</b>		
Debt service		
Interest and fiscal charges	245,000	238,697
	<u>245,000</u>	<u>238,697</u>
Total expenditures paid		
<b>EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID</b>		
	<u>(245,000)</u>	<u>(220,923)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds issued at par	-	10,360,000
Discount on bonds issued	-	(26,668)
Payment to escrow agent	-	(10,093,739)
	<u>-</u>	<u>239,593</u>
Total other financing sources (uses)		
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (245,000)</u>	18,670
<b>FUND BALANCE, MAY 1</b>		<u>-</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 18,670</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS  
WORKING CASH FUND

For the Year Ended April 30, 2010

	Original and Final Budget	Actual
<b>REVENUES COLLECTED</b>		
Property tax	\$ 8,347	\$ 8,421
Investment income	122	53
Total revenues collected	<u>8,469</u>	<u>8,474</u>
<b>EXPENDITURES PAID</b>		
None	-	-
Total expenditures paid	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 8,469</u>	8,474
FUND BALANCE, MAY 1		<u>642,630</u>
FUND BALANCE, APRIL 30		<u>\$ 651,104</u>

(See independent auditor's report.)

ENTERPRISE FUNDS

VILLAGE OF ROUND LAKE, ILLINOIS

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

For the Year Ended April 30, 2010  
(With Comparative Actual)

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Water and sewer fees	\$ 3,439,175	\$ 3,439,175	\$ 3,344,259
Miscellaneous			
Permits and fees	-	-	45,175
Other	688,000	688,000	1,973
Total operating revenues	<u>4,127,175</u>	<u>4,127,175</u>	<u>3,391,407</u>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>			
Water and sewer operations			
Personal services	494,952	494,952	433,022
Taxes, pensions and insurance	151,599	151,599	119,176
Contractual services	2,802,032	2,799,032	2,486,041
Commodities	78,090	81,090	51,263
Repairs and replacement	163,867	163,867	44,498
Contingencies	123,426	123,426	-
Capital outlay	680,096	680,096	832,504
Total operating expenses excluding depreciation	<u>4,494,062</u>	<u>4,494,062</u>	<u>3,966,504</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(366,887)</u>	<u>(366,887)</u>	<u>(575,097)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	70,193	70,193	27,982
Grants	-	-	92,800
Debt service			
Principal	(85,000)	(85,000)	(85,000)
Interest expense	(55,958)	(55,958)	(55,760)
Total nonoperating revenues (expenses)	<u>(70,765)</u>	<u>(70,765)</u>	<u>(19,978)</u>
<b>NET INCOME (LOSS) - BUDGETARY BASIS</b>	<u>\$ (437,652)</u>	<u>\$ (437,652)</u>	<u>(595,075)</u>
<b>ADJUSTMENTS TO MODIFIED CASH BASIS</b>			
Debt principal payment			85,000
Capitalized assets			818,967
Depreciation			<u>(1,153,624)</u>
Total adjustments to modified cash basis			<u>(249,657)</u>
<b>NET INCOME (LOSS) - MODIFIED CASH BASIS BEFORE CONTRIBUTIONS</b>			(844,732)
<b>CONTRIBUTIONS</b>			<u>495,300</u>
<b>CHANGE IN NET ASSETS</b>			(349,432)
<b>NET ASSETS, MAY 1</b>			<u>41,874,396</u>
<b>NET ASSETS, APRIL 30</b>			<u>\$ 41,524,964</u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS  
COMMUTER PARKING LOT FUND

For the Year Ended April 30, 2010

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Parking lot fees	\$ 125,000	\$ 125,000	\$ 115,175
Total operating revenues	125,000	125,000	115,175
<b>OPERATING EXPENSES</b>			
Parking lot operations			
Contractual services	15,422	15,422	10,136
Commodities	1,925	2,125	1,174
Repairs and replacement	7,150	6,950	649
Miscellaneous	2,164	2,164	1,966
Contingencies	1,322	1,322	-
Capital outlay	11,000	11,000	2,470
Total operating expenses	38,983	38,983	16,395
<b>OPERATING INCOME</b>	<b>86,017</b>	<b>86,017</b>	<b>98,780</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	594	594	169
Principal retirement	(8,403)	(8,403)	(8,403)
Interest expense	(1,432)	(1,432)	(1,431)
Total nonoperating revenues (expenses)	(9,241)	(9,241)	(9,665)
<b>NET INCOME - BUDGETARY BASIS</b>	<b>\$ 76,776</b>	<b>\$ 76,776</b>	<b>89,115</b>
<b>ADJUSTMENTS TO MODIFIED CASH BASIS</b>			
Debt principal payment			8,403
Total adjustments to modified cash basis			8,403
<b>CHANGE IN NET ASSETS</b>			<b>97,518</b>
<b>NET ASSETS, MAY 1</b>			<b>20,234</b>
<b>NET ASSETS, APRIL 30</b>			<b>\$ 117,752</b>

(See independent auditor's report.)

## FIDUCIARY FUNDS

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL - CASH BASIS  
POLICE PENSION FUND

For the Year Ended April 30, 2010

	Original and Final	
	Budget	Actual
<b>ADDITIONS</b>		
Contributions - employer	\$ 237,888	\$ 239,907
Contributions - employee	135,000	137,636
Contributions - other	-	1,471
	<hr/>	
Total contributions	372,888	379,014
	<hr/>	
Investment income		
Net appreciation in fair value of investments	-	531,817
Interest earned on investments	180,196	66,254
	<hr/>	
Total investment income	180,196	598,071
	<hr/>	
Less investment expense	(110)	(14,557)
	<hr/>	
Net investment income	180,086	583,514
	<hr/>	
Total additions	552,974	962,528
	<hr/>	
<b>DEDUCTIONS</b>		
Benefits and refunds		
Refund of contribution	5,500	-
Retirement pension	221,100	200,491
Disability pension	84,700	76,591
Administrative	57,874	21,451
	<hr/>	
Total deductions	369,174	298,533
	<hr/>	
<b>NET INCREASE</b>	<b>\$ 183,800</b>	<b>663,995</b>
	<hr/>	
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
May 1		<u>3,382,221</u>
April 30		<u><u>\$ 4,046,216</u></u>

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS  
AGENCY FUNDS

For the Year Ended April 30, 2010

	Balances May 1	Additions	Deductions	Balances April 30
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,674,377	\$ 1,327,900	\$ 1,517,313	\$ 1,484,964
<b>TOTAL ASSETS</b>	<b>\$ 1,674,377</b>	<b>\$ 1,327,900</b>	<b>\$ 1,517,313</b>	<b>\$ 1,484,964</b>
<b>LIABILITIES</b>				
Deposits payable	\$ 74,270	\$ 19,307	\$ 44,516	\$ 49,061
Other payables	1,599,698	1,318,381	1,482,526	1,435,553
Due to other funds	409	281	340	350
<b>TOTAL LIABILITIES</b>	<b>\$ 1,674,377</b>	<b>\$ 1,337,969</b>	<b>\$ 1,527,382</b>	<b>\$ 1,484,964</b>
<b>BUILDERS ESCROW FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 74,520	\$ 9,519	\$ 34,697	\$ 49,342
<b>TOTAL ASSETS</b>	<b>\$ 74,520</b>	<b>\$ 9,519</b>	<b>\$ 34,697</b>	<b>\$ 49,342</b>
<b>LIABILITIES</b>				
Deposits payable	\$ 74,270	\$ 19,307	\$ 44,516	\$ 49,061
Due to other funds	250	281	250	281
<b>TOTAL LIABILITIES</b>	<b>\$ 74,520</b>	<b>\$ 19,588</b>	<b>\$ 44,766</b>	<b>\$ 49,342</b>
<b>IMPACT FEE FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 159	\$ -	\$ 90	\$ 69
<b>TOTAL ASSETS</b>	<b>\$ 159</b>	<b>\$ -</b>	<b>\$ 90</b>	<b>\$ 69</b>
<b>LIABILITIES</b>				
Deposits payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	159	-	90	69
<b>TOTAL LIABILITIES</b>	<b>\$ 159</b>	<b>\$ -</b>	<b>\$ 90</b>	<b>\$ 69</b>

(This statement is continued on the following page.)

VILLAGE OF ROUND LAKE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS (Continued)  
AGENCY FUNDS

For the Year Ended April 30, 2010

	Balances May 1	Additions	Deductions	Balances April 30
<b>LAKEWOOD GROVE SSA #1 FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 963,149	\$ 748,571	\$ 865,063	\$ 846,657
<b>TOTAL ASSETS</b>	<b>\$ 963,149</b>	<b>\$ 748,571</b>	<b>\$ 865,063</b>	<b>\$ 846,657</b>
<b>LIABILITIES</b>				
Other payables	\$ 963,149	\$ 748,571	\$ 865,063	\$ 846,657
<b>TOTAL LIABILITIES</b>	<b>\$ 963,149</b>	<b>\$ 748,571</b>	<b>\$ 865,063</b>	<b>\$ 846,657</b>
<b>LAKEWOOD GROVE SSA #3 FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 261,826	\$ 245,790	\$ 257,721	\$ 249,895
<b>TOTAL ASSETS</b>	<b>\$ 261,826</b>	<b>\$ 245,790</b>	<b>\$ 257,721</b>	<b>\$ 249,895</b>
<b>LIABILITIES</b>				
Other payables	\$ 261,826	\$ 245,790	\$ 257,721	\$ 249,895
<b>TOTAL LIABILITIES</b>	<b>\$ 261,826</b>	<b>\$ 245,790</b>	<b>\$ 257,721</b>	<b>\$ 249,895</b>
<b>LAKEWOOD GROVE SSA #4 FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 374,723	\$ 324,020	\$ 359,742	\$ 339,001
<b>TOTAL ASSETS</b>	<b>\$ 374,723</b>	<b>\$ 324,020</b>	<b>\$ 359,742</b>	<b>\$ 339,001</b>
<b>LIABILITIES</b>				
Other payables	\$ 374,723	\$ 324,020	\$ 359,742	\$ 339,001
<b>TOTAL LIABILITIES</b>	<b>\$ 374,723</b>	<b>\$ 324,020</b>	<b>\$ 359,742</b>	<b>\$ 339,001</b>

(See independent auditor's report.)

## SUPPLEMENTARY INFORMATION

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF TAX DATA

For the Last Six Levy Years

	Levy Year					
	2009	2008	2007	2006	2005	2004
ASSESSED VALUATION	\$ 404,464,351	\$ 421,556,835	\$ 407,703,238	\$ 377,475,750	\$ 319,702,385	\$ 243,920,458
TAX RATES BY FUND						
Corporate	0.433	0.416	0.386	0.359	0.246	0.234
Municipal audit	0.006	0.006	0.008	0.012	0.014	0.016
Road and bridge	0.022	0.021	0.029	0.031	0.048	0.057
Garbage	0.049	0.076	0.078	0.103	0.168	0.155
Retirement	0.098	0.091	0.118	0.125	0.136	0.164
Bond and interest	-	-	-	-	-	0.037
Working cash	0.001	0.002	0.003	0.007	0.035	0.050
Liability insurance	0.039	0.041	0.050	0.056	0.064	0.077
Civil defense/ES&DA	0.001	0.001	0.001	0.001	-	-
Police protection	0.147	0.116	0.083	0.076	0.074	0.070
Police pension	0.073	0.057	0.068	0.065	0.070	0.068
TOTAL TAX RATES BY FUND	0.869	0.827	0.824	0.835	0.855	0.928
TAX EXTENSIONS BY FUND						
Corporate	\$ 1,751,331	\$ 1,753,676	\$ 1,573,735	\$ 1,355,138	\$ 786,468	\$ 570,774
Municipal audit	24,268	25,293	32,616	45,297	44,758	39,027
Road and bridge	88,982	88,527	80,992	76,099	117,115	105,084
Garbage	198,188	320,383	318,009	388,800	537,100	378,077
Retirement	396,375	383,617	481,090	471,845	434,795	400,030
Bond and interest	-	-	-	-	-	90,251
Working cash	4,044	8,431	12,231	26,423	111,896	121,960
Liability insurance	157,741	172,838	203,852	211,386	204,610	187,819
Civil defense/ES&DA	4,044	4,216	4,077	3,775	-	-
Police protection	594,563	489,006	338,394	286,882	236,580	170,744
Police pension	295,259	240,287	277,238	245,359	223,792	165,866
TOTAL TAX EXTENSIONS BY FUND	\$ 3,514,795	\$ 3,486,274	\$ 3,322,234	\$ 3,111,004	\$ 2,697,114	\$ 2,229,632
TAX COLLECTIONS - ALL FUNDS						
Levy Collections Through Year End	\$ -	\$ 3,481,655	\$ 3,319,067	\$ 3,106,020	\$ 2,684,166	\$ 2,204,463
PERCENT COLLECTED	N/A	99.87%	99.90%	99.84%	99.52%	98.87%

(See independent auditor's report.)

VILLAGE OF ROUND LAKE, ILLINOIS

SCHEDULE OF ASSESSED VALUATION BY TYPE OF PROPERTY

For the Last Ten Levy Years

Tax Levy Year	Real Estate	Railroad	Total
2000	\$ 75,241,760	\$ -	\$ 75,241,760
2001	93,873,302	-	93,873,302
2002	122,024,880	-	122,024,880
2003	176,938,389	98,998	177,037,387
2004	243,920,458	-	243,920,458
2005	319,702,385	-	319,702,385
2006	377,475,750	-	377,475,750
2007	407,703,238	-	407,703,238
2008	421,556,835	-	421,556,835
2009	404,464,351	-	404,464,351

(See independent auditor's report.)