



**Village of Mettawa,
Illinois**

Annual Financial Report

**For the Year Ended
April 30, 2011**

Wolf & Company LLP
Certified Public Accountants

VILLAGE OF METTAWA, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Village of Mettawa, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, budgetary comparison information for the General Fund, and the aggregate remaining fund information of the Village of Mettawa, Illinois (the Village) as of and for the year ended April 30, 2011, which collectively, comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Mettawa as of April 30, 2011, and the respective statement of revenues, expenditures and changes in fund balance, and the respective budgetary comparison information for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Wolf & Company LLP

Oakbrook Terrace, Illinois
January 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF METTAWA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2011

As management of the Village of Mettawa ("Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2011. Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's financial statements.

Financial Highlights

- The assets of the Village of Mettawa exceeded its liabilities at the close of the most recent fiscal year by \$11,727,035 (net assets). Of this amount, \$5,507,738 is unrestricted and thus available to meet future operations, while \$5,453,688 is the depreciated value of capital assets, net of outstanding debt incurred to acquire those assets.
- The Village of Mettawa's total net assets (reported solely as governmental activities) increased by \$2,491,679. Included in this amount was dedication of land to the Village at a value of \$695,000 and reduction of Village debt by outside parties of \$1,050,000.
- As of the close of the current fiscal year, the Village of Mettawa's General Fund reported a fund balance of \$5,674,822, an increase of \$638,152 from the prior year. There are several reasons for this. First, the Village experienced its highest collection of Sales Taxes ever in calendar year 2010 and during the current economic conditions; this was not anticipated. The FY 10/11 budget anticipated the State of Illinois decreasing the amount of Income Taxes that is distributed to municipalities; however, this did not happen. Finally, departments created and maintained very conservative budgets for FY 10/11, thereby managing expenses while revenues came in considerably better than anticipated.
- The Village of Mettawa's debt decreased by \$1,485,000 during the current fiscal year. This reduction in debt came from the SSA #2 Bonds (\$435,000) and the SSA #8 Revenue Bonds (\$1,050,000) which are being repaid from escrow accounts held for land sales within the SSA.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

VILLAGE OF METTAWA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2011

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Governmental Activities reflect the Village's basic services, including administration, building standards, public works and public safety. Sales taxes, shared state taxes and property taxes finance the majority of these services. The Village reports only governmental 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village are reported as 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. 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 Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Special Service Area #2 Fund, both of which are considered to be major funds. Information from the Village's other governmental funds is combined into a single column presentation. Individual fund information for these nonmajor governmental funds is provided elsewhere in the report.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements, this report also includes certain required supplementary information related to budgetary information and the Village's progress in funding its obligation to provide pension and post retirement benefits to its employees. Nonmajor fund information can be found immediately following the required supplementary information.

VILLAGE OF METTAWA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

The following chart reflects the condensed Statement of Net Assets:

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Assets:		
Current Assets	\$ 8,599,722	\$ 7,668,596
Capital Assets	14,333,688	13,835,590
	<hr/>	
Total Assets	22,933,410	21,504,186
<hr/>		
Liabilities:		
Current Liabilities	3,801,375	3,113,830
Long-term Liabilities	7,405,000	9,155,000
	<hr/>	
Total Liabilities	11,206,375	12,268,830
<hr/>		
Net Assets:		
Invested in Capital Assets, Net	5,453,688	3,470,590
Restricted	765,609	608,192
Unrestricted	5,507,738	5,156,574
	<hr/>	
Total Net Assets	<u>\$ 11,727,035</u>	<u>\$ 9,235,356</u>

The large portion of the Village of Mettawa's net assets reflect its investment in capital assets (e.g. land, buildings, machinery & equipment and infrastructure), less any related outstanding debt used to acquire or construct those assets and accumulated depreciation which is the loss in value of those assets. The Village of Mettawa uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Village of Mettawa is reporting a positive balance of \$11,727,035 in net assets in the current year, of which \$5,507,738 is in unrestricted net assets.

In FY 2011, the Village of Mettawa's capital assets increased due to the capitalization of land in the amount of \$695,000. Depreciation of capital assets totaled \$196,902.

VILLAGE OF METTAWA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2011

Statement of Activities

The following chart reflects the condensed Statement of Activities:

	Governmental Activities	
	2011	2010
REVENUES		
Program Revenues:		
Charges for Services	\$ 99,185	\$ 452,786
Capital Grants/Contributions	1,754,284	
Operating Grants/Contributions		95,000
General Revenues:		
Property Taxes	1,014,244	989,685
Sales Taxes	1,565,574	946,417
Hotel Taxes	421,887	389,452
Other Taxes	479,293	181,960
Other Income		1,669,789
Investment Income	16,612	12,526
	<u>5,351,079</u>	<u>4,737,615</u>
EXPENSES		
General Government	2,240,925	1,732,308
Public Safety	43,322	47,080
Public Works	97,082	372,243
Interest on Debt	478,071	538,913
	<u>2,859,400</u>	<u>2,690,544</u>
Change in Net Assets	<u>\$ 2,491,679</u>	<u>\$ 2,047,071</u>

Key Factors in the Change in Net Assets in the Governmental Activities were:

The Village realized a sharp increase in sales tax revenue, primarily as a result of the opening of the Costco store late in the prior year. Capital grants in the current year represent the recognition of land contributed to the Village, along with SSA #8 bond payments made from an escrow account for land sales not held by the Village.

VILLAGE OF METTAWA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2011

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The General Fund is the chief operating fund of the Village. At the end of the 2010-11 fiscal year, the unreserved fund balance of the General Fund was \$5,674,822, an increase of \$638,152. There are several reasons for this. Sales tax revenue, before sharing agreements, grew by \$619,157. Telecommunications tax increased from \$116,271 to \$204,571, a result of changes in the methods of collecting and recognizing this revenue. Real estate transfer taxes in the current year increased due to the sales of two major properties in the Village, providing revenue of \$214,125. On the expense side, increases in Hotel and Sales Tax rebates resulted from higher revenue noted above, an increase in the Property Tax rebates to residents (\$102,879), an increase in Building Services and Engineering expenditures of \$80,648, and decrease in legal fees of \$103,906.

The Village's other major fund – the SSA#2 Debt Service Fund increased negligibly, as property taxes were very similar to the scheduled debt service payments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following chart reflects the condensed Budgetary Comparison Schedule:

	Adopted Budget	Actual
Revenues:		
Property Taxes	\$ 150,000	\$ 160,710
Intergovernmental	721,500	1,802,582
Fees, Licenses and Permits	235,550	520,572
Investment Income	18,000	14,946
Other	17,500	242,785
	<u>1,142,550</u>	<u>2,741,595</u>
Expenditures:		
General Government	895,320	1,967,475
Public Safety	73,000	43,322
Public Works	66,000	72,819
Capital Outlay	70,000	19,827
	<u>1,104,320</u>	<u>2,103,443</u>
Total Expenditures	<u>1,104,320</u>	<u>2,103,443</u>
Excess of Revenues over Expenditures	<u><u>\$ 38,230</u></u>	<u><u>\$ 638,152</u></u>

VILLAGE OF METTAWA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2011

The primary differences in the budget and actual revenues and expenditures is the reporting of gross amounts of actual sales tax and hotel taxes, whereas for budget purposes, the rebates under incentive agreements were netted against revenue. Other significant revenue variances include real estate transfer taxes (\$224,785 over budget), and telecommunications taxes (\$83,571 over budget). For expenditures, Building Services were \$138,811 over budget, while Legal Services were \$87,841 under budget.

There were no amendments made to the original FY 2010-11 appropriation ordinance for the Village.

CAPITAL ASSET AND DEBT ADMINISTRATION

	Balance May 1, 2010	Net Additions/ Deletions	Balance April 3, 2011
Non-Depreciable Assets:			
Land and Land Improvements	\$ 6,742,470	\$ 695,000	\$ 7,437,470
Other Capital Assets:			
Landscaping	1,405,411		1,405,411
Paved Streets, Signals and Lighting	5,500,137		5,500,137
Sanitary and Storm Sewers	1,358,965		1,358,965
Accumulated Depreciation on Capital Assets	(1,171,393)	(196,902)	(1,368,295)
Total	\$ 13,835,590	\$ 498,098	\$ 14,333,688

The Village of Mettawa's investment in capital assets for its governmental activities as of April 30, 2011, was \$14,333,688 (net of accumulated depreciation). This investment in capital assets includes property and improvements, equipment, facilities and infrastructure. See Note 3 for additional information.

Debt Administration

The only outstanding debt of the Village at April 30, 2011 are two Revenue Bonds issued to fund infrastructure improvements in Special Service Areas #2 and #8. These bonds are repaid only from assessments on residents of the SSA's, and from proceeds of land sales within SSA #8.

State statutes limit the amount of general obligation debt a government entity may issue to 8.625% of its total assessed valuation. The current legal debt margin for the Village of Mettawa is 10,777,053.

Additional information on the Village of Mettawa's long-term liabilities can be found in Note 4.

VILLAGE OF METTAWA, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2011

ECONOMIC FACTORS

The Village of Mettawa is located approximately 40 miles north of downtown Chicago. The 2010 EAV of \$125,018,332, 100% is located in Lake County, is down from a 2009 EAV of \$130,420,525 reflecting the adjustment of land values due to the economic downturn.

As a Home Rule Unit of Government, the Village is not subject to the Property Tax Extension Limitation Law, popularly known as the "TAX CAP", which states that the total of certain levies (not including bond levies) may not increase more than the lesser of 5% of the total prior year total or the prior year percentage increase in the Consumer Price Index. However, it has been the practice of the Village Board to hold its levy constant for the past seven years.

The Village is still expecting to see similar if not a slight increase in sales tax revenue as the economic activity of the area is growing. As such, the Village still expects the major sales tax stream to continue from Costco sales tax in the village which is expected to be over \$1,000,000. Additionally, it is expected by the Village Board to continue its management of expenses in order to maintain a fiscally responsible and balanced budget in the 2011/2012 Fiscal year.

Lastly, the increase in net assets over the past few years has enabled the Village to adopt an ordinance providing for an annual tax rebate to its residents. To qualify for rebate, the resident must be the owner and occupant of a single family home as evidenced by a homestead exemption granted by Lake County. Each eligible resident is qualified to receive a rebate in the amount proportionate to the amount of the taxes paid divided by the amount of surplus declared by the Village.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. Questions concerning this report or requests for additional financial information should be directed to Treasurer, Village of Mettawa, 26225 N. Riverwoods Blvd, Box M, Mettawa, Illinois 60045

BASIC FINANCIAL STATEMENTS

VILLAGE OF METTAWA, ILLINOIS

Statement of Net Assets
April 30, 2011

ASSETS

Current Assets

Cash and Investments	\$ 7,153,692
Receivables	
Property Taxes	1,007,234
Other Taxes	427,443
Other	11,353
Total Current Assets	<u>8,599,722</u>

Capital Assets

Land and Improvements	7,437,470
Other Capital Assets, Net of Depreciation	6,896,218
Total Capital Assets	<u>14,333,688</u>

Total Assets 22,933,410

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	1,152,643
Accrued Interest Payable	80,521
Deferred Income - Property Taxes	1,007,234
Deferred Income - Other	85,977
Current Portion of Long-Term Debt	
Special Service Area Bonds	1,475,000
Total Current Liabilities	<u>3,801,375</u>

Noncurrent Liabilities

Special Service Area Bonds	<u>7,405,000</u>
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Total Liabilities 11,206,375

NET ASSETS

Invested in Capital Assets, Net of Related Debt	5,453,688
Restricted for Maintenance of Roadways	91,456
Restricted for Special Service Area Purposes	674,153
Unrestricted	<u>5,507,738</u>
Total Net Assets	<u>\$ 11,727,035</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF METTAWA, ILLINOIS

Statement of Activities
 For the Year Ended April 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Capital Grants and Contributions	
Governmental Activities				
General Government	\$ 2,240,925	68,858	1,745,000	(427,067)
Public Safety	43,322	30,327		(12,995)
Public Works	97,082		9,284	(87,798)
Interest on Long-Term Debt	478,071			(478,071)
Total Governmental Activities	\$ 2,859,400	99,185	1,754,284	(1,005,931)
General Revenues				
Taxes				
Property				1,014,244
Telecommunications				204,571
Income				29,733
Sales				1,565,574
Hotel				421,887
Real Estate Transfer				242,285
Other				2,704
Unrestricted Investment				
Earnings				16,612
Total General Revenues				3,497,610
Change in Net Assets				2,491,679
Net Assets				
May 1 (as restated)				<u>9,235,356</u>
April 30				<u>11,727,035</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF METTAWA, ILLINOIS

Balance Sheet

Governmental Funds

April 30, 2011

	General	Special Service Area #2	Other Governmental Funds	Total Governmental Funds
ASSETS				
Assets				
Cash	\$ 6,523,965	100,436	529,291	7,153,692
Property Taxes Receivable	135,020	759,225	112,989	1,007,234
State Shared Taxes Receivable	389,419		757	390,176
Hotel Tax Receivable	37,267			37,267
Due from Other Funds	111,915		160,477	272,392
Accounts Receivable	11,353			11,353
Total Assets	\$ 7,208,939	859,661	803,514	8,872,114
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 159,861			159,861
Tax Rebates Payable				
Hotel Tax	418,451			418,451
Sales Tax	574,331			574,331
Deferred Property Taxes	135,020	759,225	112,989	1,007,234
Deferred Income - Other	85,977			85,977
Due to Other Funds	160,477	5,207	106,708	272,392
Total Liabilities	1,534,117	764,432	219,697	2,518,246
Fund Balances				
Reserved for Maintenance of Roadways			91,456	91,456
Reserved for Special Service Area Purposes			160,143	160,143
Reserved for Special Service Area Debt		95,229	298,398	393,627
Reserved for Special Service Area Capital			120,383	120,383
Unreserved, Undesignated Reported in				
General Fund	5,674,822			5,674,822
Special Revenue Fund			(1,865)	(1,865)
Debt Service Funds			(84,698)	(84,698)
Total Fund Balances	5,674,822	95,229	583,817	6,353,868
Total Liabilities and Fund Balances	\$ 7,208,939	859,661	803,514	8,872,114

See accompanying Notes to the Financial Statements.

VILLAGE OF METTAWA, ILLINOIS

Reconciliation of Balance Sheet of Governmental Funds
to Statement of Net Assets

April 30, 2011

Total Fund Balances - Governmental Funds	\$ 6,353,868
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.	14,333,688
Interest payable is recognized when earned in the Statement of Net Assets.	(80,521)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(8,880,000)</u>
Net Assets of Governmental Activities	<u>\$ 11,727,035</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF METTAWA, ILLINOIS

Statement of Revenues, Expenditures,
and Changes in Fund Balances

Governmental Funds

For the Year Ended April 30, 2011

	General	Special Service Area #2	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 160,710	740,946	112,588	1,014,244
Intergovernmental	1,802,582		9,284	1,811,866
Fees, Licenses and Permits	520,572			520,572
Investment Income	14,946	841	825	16,612
Miscellaneous	242,785			242,785
Total Revenues	2,741,595	741,787	122,697	3,606,079
Expenditures				
Current				
General Government	1,967,475	4,447	52,274	2,024,196
Public Safety	43,322			43,322
Public Works	72,819		24,263	97,082
Total Current Expenditures	2,083,616	4,447	76,537	2,164,600
Capital Outlay	19,827			19,827
Debt Service				
Principal		435,000		435,000
Interest		298,313	99,237	397,550
Total Debt Service Expenditures	-	733,313	99,237	832,550
Total Expenditures	2,103,443	737,760	175,774	3,016,977
Net Change in Fund Balances	638,152	4,027	(53,077)	589,102
Fund Balance				
May 1 (as Restated)	5,036,670	91,202	636,894	5,764,766
April 30	\$ 5,674,822	95,229	583,817	6,353,868

See accompanying Notes to the Financial Statements.

VILLAGE OF METTAWA, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities

For the Year Ended April 30, 2011

Net change in fund balances - total governmental funds \$ 589,102

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation. (196,902)

A land parcel contributed to the Village and reported in the Statement of Activities is not reported in the fund financial statements. 695,000

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.
This amount is the principal paid on long-term debt. 435,000

Interest expense is recorded when paid by the funds, but accrued in the Statement of Activities. (80,521)

Payment of Village debt by an outside party does not use current resources, but does reduce a long-term liability. 1,050,000

Change in net assets of governmental activities \$ 2,491,679

See accompanying Notes to the Financial Statements.

VILLAGE OF METTAWA, ILLINOIS

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

General Fund

For the Year Ended April 30, 2011

	Original and Final Budget	Actual Amounts	Variance Over (Under)
Revenues			
Taxes	\$ 150,000	160,710	10,710
Intergovernmental	721,500	1,802,582	1,081,082
Fees, Licenses and Permits	235,550	520,572	285,022
Investment Income	18,000	14,946	(3,054)
Miscellaneous	17,500	242,785	225,285
Total Revenues	<u>1,142,550</u>	<u>2,741,595</u>	<u>1,599,045</u>
Expenditures			
Current			
General Government	895,320	1,967,475	1,072,155
Public Safety	73,000	43,322	(29,678)
Public Works	66,000	72,819	6,819
Total Current Expenditures	<u>1,034,320</u>	<u>2,083,616</u>	<u>1,049,296</u>
Capital Outlay	70,000	19,827	(50,173)
Total Expenditures	<u>1,104,320</u>	<u>2,103,443</u>	<u>999,123</u>
Net Change in Fund Balance	38,230	638,152	599,922
Fund Balance			
May 1 (as Restated)	<u>5,036,670</u>	<u>5,036,670</u>	
April 30	<u>\$ 5,074,900</u>	<u>5,674,822</u>	<u>599,922</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies

The Village of Mettawa, Illinois (the Village) was incorporated in January 1960 under the laws of the State of Illinois and operates under the Mayor-Trustee form of government. The Village provides the following services as authorized by its governing board: public improvements, highways and streets, planning and zoning and general and administrative services. Police protection is provided as a subcontracted service.

The accounting and reporting policies of the Village included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is described below.

A. Reporting Entity

The reporting entity includes the governing board and all related organizations for which the Village is financially accountable.

The Village has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the Village appoints a majority of the organization's Governing Board and is able to control the operation, and whether financial benefits are received, or financial burdens imposed.

The Village has determined that no other outside agency meets the above criteria; therefore, no other agency has been included as a component unit in the Village's financial statements.

B. Basis of Presentation

The Village's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. In the government-wide statement of net assets, both the governmental and business-type activities columns are presented on a consolidated basis by column. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The government-wide statement of activities reflects both the direct expenses and net cost of each function of the Village's governmental activities and business-like activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Village.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies (Cont.)

B. Basis of Presentation (Cont.)

Fund Financial Statements

The financial transactions of the Village are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and presented as nonmajor funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statements of net assets, and the operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

The Village has reported three categories of program revenues in the statement of activities: (1) charges for services, (2) program-specific operating grants and contributions, and (3) program-specific capital grants and contributions. Program revenues are derived directly from the program itself or from external sources, such as the State of Illinois; they reduce the net cost of each function to be financed from the Village's general revenues. For identifying the function to which program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Eliminations have been made in the statement of net assets to remove the "grossing-up" effect on assets and liabilities within the governmental activities column for amounts reported in the individual funds as interfund receivables and payables and advances. Similarly, operating transfers between funds have been eliminated in the statement of activities.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Taxpayer-assessed

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies (Cont.)
 - C. Measurement Focus and Basis of Accounting (Cont.)

Fund Financial Statements (Cont.)

taxes, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. The Village considers all revenues available if they are collected within 60 days after year end. Due to the State of Illinois' fiscal difficulties and the resulting delay in distributing receipts to local municipalities, the 60 day availability period for state income taxes was extended in order to record twelve months of tax revenues. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. All other revenue items are considered measurable and available only when cash is received by the Village. Expenditures are recorded on an accrual basis except for expenditures for insurance and similar services extending over more than one accounting period, which are accounted for as expenditures in the period of acquisition, and inventory items, such as materials and supplies, which are considered expenditures in the period purchased, but any significant amounts of inventory are reported on the balance sheet.

Nonexchange transactions, in which the Village receives value without directly giving equal value in return, include income, sales and property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements in which the Village must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the Village on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Differences occur from the manner in which the governmental activities and the government-wide financial statements are prepared due to the inclusion of capital asset and long-term debt activity. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Village's major governmental funds:

General Corporate Fund – The Corporate Fund is the general operating fund of the Village. It is used to account for the revenues and expenditures used in providing services in the Village except those required to be accounted for in other funds.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies (Cont.)

C. Measurement Focus and Basis of Accounting (Cont.)

Fund Financial Statements (Cont.)

Governmental Funds (Cont.)

Special Service Area #2 Debt Service Fund – This fund is used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs of the Series 2006 SSA bonds.

In addition, the Village maintains nonmajor governmental funds to account for debt service activities and specific revenue sources used for road maintenance, capital outlay and other specific maintenance activities.

Special Service Areas

The Village created several special service areas to provide municipal services to these areas, which include construction of water transmission mains, sanitary sewer, storm sewer, street pavements, etc. Ordinances creating certain of these special service areas authorized the issuance of bonds to finance the construction of these projects. These bonds will be retired by the levy of a direct annual tax on all property located within the service area for the entire period that the bonds are outstanding.

Municipal services provided to the special service areas and the maintenance of the projects constructed will be financed with the imposition of taxes, generally at a minimum rate of .55% on all taxable property within the service areas for a period of 99 years.

D. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Taxes for which there is an enforceable legal claim as of April 30, 2011, but which were not considered available, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and recreation program fees received in advance are also recorded as deferred revenue.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies (Cont.)

E. Capital Assets

Capital outlays are recorded as expenditures in the fund financial statements of the governmental funds and as assets in the government-wide financial statements to the extent the Village's capitalization threshold is met. Depreciation is recorded on general capital assets in the government-wide statements using the straight-line method and the following estimated useful lives:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Landscaping	30 Years	\$ 25,000
Paved Streets	50 Years	25,000
Sanitary Sewers	40 Years	50,000
Storm Sewers	40 Years	50,000
Traffic Signals and Lighting	20 Years	25,000

Capital assets purchased or acquired with an original cost of \$25,000 to \$50,000 or more are reported at historical cost or estimated historical cost. All land and construction in progress are capitalized, regardless of cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

F. Cash and Investments

Investments held by the Village which are short-term highly liquid investments having a remaining maturity of one year or less at the date of purchase are reported by the Village at amortized cost. All other investments are reported at fair value in accordance with GASB 31. Gains or losses on the sale of investments are recognized upon realization. Unrealized gains and losses are recognized for those investments valued at fair value. The investment with the State Treasurer's Illinois Funds is at fair value, which is the same value as the pool shares. The state statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act (30 ILCS 235).

The Village will invest in accordance with the guidelines provided in the Illinois Compiled Statutes, Chapter 30, Section 235/2 and Chapter 5, Section 220/15. Appropriate investments include:

1. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits that are direct obligations of any bank that is insured by the Federal Deposit Insurance Corporation (FDIC).
2. Bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the full faith and credit of the United States of America.
3. Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies (Cont.)

F. Cash and Investments (Cont.)

4. Short-term obligations of United States corporations (commercial paper) with assets over \$500,000,000 if a) such obligations are rated in the three highest classifications established by at least two standard rating services and mature not later than 180 days from the purchase date, b) such purchases do not exceed 10% of the corporation's outstanding obligations, and c) such purchases do not exceed more than one-third of the Village's portfolio.
5. Money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations of the U.S. Government or its agencies.
6. State of Illinois Funds.

G. Fund Equity

In the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- Invested in Capital Assets – consists of capital assets, net of accumulated depreciation and related debt.
- Restricted Net Assets – consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted Net Assets – consists of all other net assets that do not meet the definition of restricted 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 restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance may further be classified as reserved and unreserved.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies (Cont.)

H. Long-Term Liabilities

In the government-wide financial statements and the fund financial statements of the proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

I. Property Taxes

Property taxes for 2010 attach as an enforceable lien on January 1, 2010, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments on or about June 1, 2011 and September 1, 2011. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy to reflect actual collection experience. As the 2010 tax levy is to be used to fund operations of the 2011-2012 fiscal year, the revenue has been deferred at April 30, 2011.

K. Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

L. Budgetary Data

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

- (1) Within or before the first quarter of each fiscal year, the Board of Trustees adopts the annual budget and appropriation ordinance.
- (2) The budget document is available for public inspection for at least ten days prior to the Board of Trustees' public hearing and the passage of the annual budget and appropriation ordinance. The Board of Trustees is also required to hold at least one public hearing on the appropriation ordinance.
- (3) Subsequent to the enactment of the annual budget and appropriation ordinance, the Board of Trustees has the authority to make any necessary adjustments to the budget. There were no budget adjustments made during the year.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

1. Summary of Significant Accounting Policies (Cont.)

L. Budgetary Data (Cont.)

For each fund, total fund expenditures may not legally exceed the budgeted amounts. All appropriations lapse at the fiscal year-end.

The budget was prepared on the modified accrual basis of accounting; the same basis used in the preparation of the Village's general purpose financial statements.

M. Excess of Expenditures over Budget/Deficit Fund Balance

The following funds had an excess of actual expenditures over budget for the fiscal year April 30, 2011:

General Fund	\$ 999,123
Special Service Area #2 Debt Service	4,397
Special Service Area #3	25,543
Special Service Area #7	2,438
Special Service Area #9	5,499
Special Service Area #10 Debt Service	22,894
2006 G.O. Bonds	13,889

The General Fund excess primarily resulted from reporting Sales and Hotel Tax rebates as expenditures, whereas for budget purposes, these were shown as a reduction to revenue. In addition, rebates of property taxes to residents exceeded budget by \$123,943.

The following funds reported a deficit in the fund balance at April 30, 2011.

Special Service Area #11	\$ 1,865
2006 G.O. Bonds	55,559
Special Service Area #10 Debt Service	29,139

These deficits are expected to be paid through future taxes or transfers from other funds.

2. Cash and Investments

A. Cash

The carrying amount of cash was \$3,902,766 at April 30, 2011, while the bank balances were \$3,915,717. Bank balances were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000, or collateralized with securities of the U.S. Government or with letters of credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village's agent.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

2. Cash and Investments (Cont.)

B. Investments

The Illinois Funds Money Market Fund is an external investment pool developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Illinois State Treasurer, who has regulatory oversight for the pool. The Fund is not registered with the SEC and has an affirmed AAA Standard & Poor's credit quality rating. The fair value of the positions in the pool is the same as the value of the pool shares. At year end, the Village had \$3,250,926 in Illinois Funds earning a 0.045% return. Illinois Funds is not subject to custodial credit risk. The Fund issues a publicly available financial report. That report may be obtained by writing to the Office of the State Treasurer, Illinois Funds Administrative Office, 300 W. Jefferson Street, Springfield, Illinois 62702.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's investment policy limits the term of Governmental Activities investments to maturities of five years or less. The Village assumes that its callable investments will not be called.

Custodial Credit Risk

As a means of limiting its exposure in the event of a failure of a counterparty, investment securities may be held at a broker/dealer provided the securities are identified to a specific Village account and said account is covered by insurance provided through the Securities Investor Protection Corporation (SIPC) or other third-party private insurance. The market value of all securities held at a broker/dealer account shall not exceed the insurance coverage provided for that account. Investment securities not covered by third-party private insurance shall be held in a third-party custodian account, which shall be in the name of and for the benefit of the Village or shall be held by the Village.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

3. Capital Assets

A summary of changes in the Village's capital assets for the period May 1, 2010 through April 30, 2011 follows.

	Beginning Balance	Additions	Reductions	Beginning Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	\$ 3,819,544	695,000		4,514,544
Land Improvements	2,922,926			2,922,926
	<u>6,742,470</u>	<u>695,000</u>	<u>-</u>	<u>7,437,470</u>
Capital Assets Being Depreciated				
Landscaping	1,405,411			1,405,411
Paved Streets	5,297,548			5,297,548
Sanitary Sewer	365,000			365,000
Storm Sewer	993,965			993,965
Traffic Signals	160,921			160,921
Lighting	41,668			41,668
	<u>8,264,513</u>	<u>-</u>	<u>-</u>	<u>8,264,513</u>
Less Accumulated Depreciation	1,171,393	196,902		1,368,295
	<u>7,093,120</u>	<u>(196,902)</u>	<u>-</u>	<u>6,896,218</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	<u>\$ 13,835,590</u>	<u>498,098</u>	<u>-</u>	<u>14,333,688</u>

Depreciation expense for the Village's Governmental Activities was charged to public works in the amount of \$196,902.

4. Long-Term Debt

The Village issued Special Service Area (SSA) bonds to finance costs of infrastructure improvement programs as follows:

1. \$6,610,000 Special Service Area Number Two Refunding Bonds, Series 2006 were issued in 2006. Proceeds from this issue were used to retire 1999 Special Service Area Number 2 Bonds, Series 1999 totaling \$6,375,000. These bonds bear interest ranging from 4.625% to 5.0%, and are payable in annual installments of \$435,000 to \$905,000 starting February 1, 2011 and ending February 1, 2019. Payments are made from taxes levied on properties in the Special Service Area.

The following accounts were created and established by the ordinance:

- a. Expense Fund Account – to pay all expenses of issuance of the SSA bonds and administrative expenses and costs incurred by the Village in the administration of the SSA bonds and administrative expenses.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

4. Long-Term Debt (Cont.)

- b. Principal and Interest Account – to be used solely and only for the purpose of paying principal and interest on outstanding bonds. Moneys deposited into the account are from tax levies. An initial amount of \$350,000 from bond proceeds was deposited to the account.
 - c. Reserve account – to be used to redeem bonds at the then next earliest date of optional redemption.
 - d. Rebate Account – deposits to the account are investment earnings of the various accounts to the extent required so as to maintain the tax-exempt status of interest on bonds issued.
 - e. Special Sinking Fund Account – to be used to redeem principals of bonds pursuant to extraordinary mandatory redemption as provided in Section 6 of the ordinance.
2. \$5,425,000 Special Service Area Number Eight Limited Obligation Revenue Bond, Series 2004 due in a scheduled installment of \$775,000 on February 1, 2011, minimum annual principal payments of \$1,000,000 on February 1, 2012 and 2013, and a final payment of \$1,425,000 in 2014. Principal payments are from proceeds of sales of certain parcels of land within the Special Service Area. Interest is payable on the first day of February, May, August and November of each year commencing May 1, 2004 at variable rates not to exceed 9% or 125% of the rate for the most recent date shown in the GO Bonds Index of average municipal bond yields as published in the most recent edition of the Bond Buyer. An estimated rate of 2.1% has been considered for financial statement presentation purposes.

Prior Refunding

In August 2006, the Village issued \$3,250,000 General Obligation Bonds Series 2006 for the purchase of land. These bonds bear interest ranging from 4.0% to 4.125%, and are payable in annual installments of \$155,000 to \$195,000 starting December 15, 2007 and ending December 15, 2013. In March, 2010, the Village executed an escrow agreement for the payment of the remaining \$2,930,000 owed in this series of bonds. \$2,585,000 of the defeased debt is still outstanding at April 30, 2011.

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

Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
SSA #2 Series 2006 Refunding Bonds	\$ 6,165,000		(435,000)	5,730,000	475,000
SSA #8 Revenue Bonds	4,200,000		(1,050,000)	3,150,000	1,000,000
	<u>\$ 10,365,000</u>	<u>-</u>	<u>(1,485,000)</u>	<u>8,880,000</u>	<u>1,475,000</u>

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

4. Long-Term Debt (Cont.)

Debt Service Requirements to Maturity

The annual requirements to amortize the special service area bonds outstanding as of April 30, 2011, including interest payments of \$1,352,344 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,475,000	276,563	1,751,563
2013	1,545,000	252,813	1,797,813
2014	1,770,000	225,563	1,995,563
2015	705,000	194,563	899,563
2016	790,000	159,313	949,313
2017-2019	2,595,000	243,531	2,838,531
	<u>\$ 8,880,000</u>	<u>1,352,346</u>	<u>10,232,346</u>

5. Motor Fuel Tax Allotment

Under current procedures, the allotments of the Village are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved by the Department of Transportation, State of Illinois. There were no state approved road projects approved and therefore constructed during the year ended April 30, 2011.

6. Commitments and Contingencies

Revenue Sharing Agreements

The Village entered into an intergovernmental agreement with the City of Lake Forest on February 11, 1998, to annex the real estate owned by the Illinois State Highway Authority, which is commonly known as the Lake Forest Oasis. Following the annexation, the Village received sales tax generated from retail sales at the Lake Forest Oasis. Under the agreement, the Village remits 50% of such tax receipts to the City of Lake Forest. During the year ending April 30, 2011, \$123,534 was shared with the City of Lake Forest, of which \$65,806 was payable at April 30, 2011.

The Village also entered into an economic incentive agreement with CDW Computer Centers, Inc. (CDW) to pay CDW a portion of the sales tax received by the Village from business generated by CDW. The current amount of rebate is equal to 50% of the sales generated from the Mettawa office. The agreement was amended on July 16, 2002, and a second amendment was signed effective May 18, 2004 through December 31, 2098. During the year ending April 30, 2011, \$418,871 was shared with CDW, of which \$508,525 was payable at April 30, 2011. The payment under the agreement for calendar year 2010, in the amount of \$390,773, was paid in May, 2011.

The Village also entered into an economic incentive agreements with Hilton Garden Inn Mettawa and Residence Inn Mettawa to pay the hotels a portion of the Hotel tax received by the Village from Business generated by the hotels. The current amount of the rebate is equal to 75% of the hotel tax generated by the Hilton Garden Inn Mettawa and Residence Inn Mettawa. During the year ending April 30, 2011, \$325,446 was shared with Hilton Garden Inn Mettawa and Residence Inn Mettawa, of which \$418,451 was payable at April 30, 2011. The payment under the agreement for calendar year 2010, in the amount of \$311,284, was paid in May, 2011.

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
 April 30, 2011

6. Commitments and Contingencies (Cont.)

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, such items are adequately covered by insurance or their ultimate outcome will not have a material impact on the financial condition of the Village.

7. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

8. Interfund Receivables and Payables

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. For those Special Service Areas which have not opened a separate cash account, the General Fund collects taxes and other revenues, and pays expenditures on those funds' behalf. Resulting balances are reported as Due to and From Other Funds. Individual interfund receivable and payable balances at April 30, 2011 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 111,915	160,477
Special Service Area #2		5,206
Special Service Area #3	44,908	
Special Service Area #4	31,924	
Special Service Area #5	32,930	
Special Service Area #7	23,959	
Special Service Area #9	26,422	
Special Service Area #11		1,865
2006 G.O. Bonds		55,559
Debt Service SSA #8		20,102
Debt Service SSA #10		29,139
Capital Projects SSA #8	334	
Capital Projects SSA #2		44
	<u>\$ 272,392</u>	<u>272,392</u>

VILLAGE OF METTAWA, ILLINOIS

Notes to the Financial Statements
April 30, 2011

9. Accounting Pronouncements

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

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

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

10. Prior Period Adjustment

The following restatements to General Fund Balance and Net Assets of Governmental Activities have been reported:

	General Fund Balance	Governmental Activities Net Assets
Balance, as Previously Reported	\$ 5,194,579	9,393,265
Adjustment to Reduce Sales Tax Receivable	(93,332)	(93,332)
Adjustment to Deferred Income - Other	(64,577)	(64,577)
Total Adjustments	(157,909)	(157,909)
Balance, May 1, 2010, as Restated	\$ 5,036,670	9,235,356

11. Subsequent Events

On July 19, 2011, the Village adopted an ordinance declaring surplus funds in the amount of \$520,000 to be paid as reimbursements to all owners of taxable homestead property within the Village. These surplus funds will be paid from the General Fund.

On June 20, 2011, the Village purchased a portion of land, roughly 25 acres, considered the West Oasis property for the purchase price of \$1,800,000. In order to fund this purchase, a general obligation bond was issued in the amount of \$1,900,000. This amount covered the purchase price of the land plus prior legal costs in relation to the purchase.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

VILLAGE OF METTAWA, ILLINOIS

General Fund

Schedule of Revenues By Source - Budget and Actual
Year Ended April 30, 2011

	Final Budget	2011 Actual	Variance Over (Under)
Taxes			
Property Tax Levy	\$ 150,000	160,710	10,710
Intergovernmental:			
State Shared:			
Sales Tax	570,000	1,560,112	990,112
Income Tax	25,000	29,733	4,733
Telecommunications Tax	121,000	204,571	83,571
Use Tax		5,462	5,462
Personal Property Replacement Tax		1,110	1,110
Other	5,500	1,594	(3,906)
Total Intergovernmental	721,500	1,802,582	1,081,082
Fees, Licenses and Permits			
Building Permits and Inspection	80,000	51,970	(28,030)
Zoning, Planning, & Miscellaneous	13,550	3,838	(9,712)
Circuit Court Fees	25,000	30,327	5,327
Cable Franchise Fees	7,000	7,500	500
Liquor License		5,050	5,050
Hotel Tax	110,000	421,887	311,887
Total Fees, Licenses and Permits	235,550	520,572	285,022
Investment Income			
Income	18,000	14,946	(3,054)
Miscellaneous			
Real Estate Transfer Tax	17,500	242,285	224,785
Miscellaneous		500	500
Total Miscellaneous	17,500	242,785	225,285
Total Revenues	\$ 1,142,550	2,741,595	1,599,045

VILLAGE OF METTAWA, ILLINOIS

General Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
General Government			
Auditing	\$ 11,000	31,842	20,842
Bank Fees	4,300	1,075	(3,225)
Building Services	256,000	394,811	138,811
Dues and Subscriptions	600	1,320	720
Engineering Fees	137,000	133,280	(3,720)
Financial/Accounting Services	30,000	24,000	(6,000)
Insurance and Bonds	10,000	6,327	(3,673)
Legal	300,000	212,159	(87,841)
Maps and Surveys	2,500		(2,500)
Miscellaneous	14,000	6,470	(7,530)
Office Supplies	12,000	8,610	(3,390)
Planning Consultants	5,000	8,075	3,075
Postage and Copying	5,700	2,979	(2,721)
Printing and Publishing	2,200	2,727	527
Recording Fees	6,000	1,057	(4,943)
Real Estate Tax Rebate	63,000	184,943	121,943
Hotel Tax Rebate		325,446	325,446
Sales Tax Rebates		542,405	542,405
Government Operations and Consultants	35,000	78,366	43,366
Telephone	1,020	1,583	563
Total General Administration	<u>895,320</u>	<u>1,967,475</u>	<u>1,072,155</u>
Public Safety			
Mosquito Control	3,000		(3,000)
Police Protection	70,000	43,322	(26,678)
Total Public Safety	<u>73,000</u>	<u>43,322</u>	<u>(29,678)</u>
Public Works			
Road and Bridges Maintenance	<u>66,000</u>	<u>72,819</u>	<u>6,819</u>
Capital Outlay			
Land Acquisition and Maintenance	<u>70,000</u>	<u>19,827</u>	<u>(50,173)</u>
Total Expenditures	<u>\$ 1,104,320</u>	<u>2,103,443</u>	<u>999,123</u>

VILLAGE OF METTAWA, ILLINOIS

Special Service Area # 2 Debt Service Fund

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

Year Ended April 30, 2011

	Final Budget	2011 Actual	Variance Over (Under)
Revenues			
Taxes			
Corporate Property Tax	\$ 733,313	740,946	7,633
Investment Income	1,500	841	(659)
Total Revenues	<u>734,813</u>	<u>741,787</u>	<u>6,974</u>
Expenditures			
Current			
General Administration	50	4,447	4,397
Debt Service:			
Principal	435,000	435,000	
Interest	298,313	298,313	
Total Expenditures	<u>733,363</u>	<u>737,760</u>	<u>4,397</u>
Net Change in Fund Balance	1,450	4,027	2,577
Fund Balance			
May 1	<u>91,202</u>	<u>91,202</u>	
April 30	<u>\$ 92,652</u>	<u>95,229</u>	<u>2,577</u>

VILLAGE OF METTAWA, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

April 30, 2011

	Special Revenue				
	Motor Fuel Tax	Special Service Area #3	Special Service Area #4	Special Service Area #5	Special Service Area #7
ASSETS					
Assets					
Cash	\$ 90,699				
Property Taxes Receivable		54,578	11,037	4,039	15,829
Due from Other Funds		44,908	31,924	32,930	23,959
Intergovernmental	757				
Total Assets	\$ 91,456	99,486	42,961	36,969	39,788
LIABILITIES AND FUND BALANCES					
Liabilities					
Deferred Property Taxes	\$	54,578	11,037	4,039	15,829
Due to Other Funds					
Total Liabilities	-	54,578	11,037	4,039	15,829
Fund Balances					
Reserved for Maintenance of Roadways	91,456				
Reserved for Special Service Area Purposes		44,908	31,924	32,930	23,959
Reserved for Special Service Area Debt					
Reserved for Special Service Area Capital					
Unreserved, Reported in					
Special Revenue Fund					
Debt Service Funds					
Total Fund Balances	91,456	44,908	31,924	32,930	23,959
Total Liabilities and Fund Balances	\$ 91,456	99,486	42,961	36,969	39,788

Special Revenue		Debt Service			Capital Projects		Total Nonmajor Governmental Funds
Special Service Area #9	Special Service Area #11	2006 G.O. Bonds	Special Service Area #8	Special Service Area #10	Special Service Area #2	Special Service Area #8	
			318,500		120,092		529,291
27,506							112,989
26,422						334	160,477
							757
53,928	-	-	318,500	-	120,092	334	803,514

27,506							112,989
	1,865	55,559	20,102	29,139	43		106,708
27,506	1,865	55,559	20,102	29,139	43	-	219,697

26,422							91,456
			298,398				160,143
					120,049	334	298,398
	(1,865)						120,383
		(55,559)		(29,139)			(1,865)
26,422	(1,865)	(55,559)	298,398	(29,139)	120,049	334	(84,698)
53,928	-	-	318,500	-	120,092	334	583,817
							803,514

VILLAGE OF METTAWA, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended April 30, 2011

	Special Revenue				
	Motor Fuel Tax	Special Service Area #3	Special Service Area #4	Special Service Area #5	Special Service Area #7
Revenues					
Taxes	\$	54,426	11,029	4,023	15,580
Intergovernmental	9,284				
Investment Income	117				
Total Revenues	9,401	54,426	11,029	4,023	15,580
Expenditures					
Current					
General Government		21,280	163		2,438
Public Works		24,263			
Total Current Expenditures	-	45,543	163	-	2,438
Debt Service					
Interest					
Total Expenditures	-	45,543	163	-	2,438
Net Change in Fund Balances	9,401	8,883	10,866	4,023	13,142
Fund Balance					
May 1	82,055	36,025	21,058	28,907	10,817
April 30	\$ 91,456	44,908	31,924	32,930	23,959

Special Revenue		Debt Service			Capital Projects		Total Nonmajor Governmental Funds
Special Service Area #9	Special Service Area #11	2006 G.O. Bonds	Special Service Area #8	Special Service Area #10	Special Service Area #2	Special Service Area #8	
27,530							112,588
			229		145	334	9,284
27,530	-	-	229	-	145	334	825
5,499				22,894			52,274
5,499	-		-	22,894	-	-	24,263
		13,889	85,348				76,537
5,499	-	13,889	85,348	22,894	-	-	99,237
22,031		(13,889)	(85,119)	(22,894)	145	334	175,774
4,391	(1,865)	(41,670)	383,517	(6,245)	119,904		(53,077)
26,422	(1,865)	(55,559)	298,398	(29,139)	120,049	334	636,894
							583,817

VILLAGE OF METTAWA, ILLINOIS

Motor Fuel Tax Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Revenues			
Intergovernmental	\$ 10,000	9,284	(716)
Interest	110	117	7
Total Revenues	<u>10,110</u>	<u>9,401</u>	<u>(709)</u>
Net Change in Fund Balance	10,110	9,401	(709)
Fund Balance			
May 1	<u>82,055</u>	<u>82,055</u>	
April 30	<u>\$ 92,165</u>	<u>91,456</u>	<u>(709)</u>

VILLAGE OF METTAWA, ILLINOIS

Special Service Area #3 Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Revenues			
Taxes	\$ 54,415	54,426	11
Expenditures			
Current			
General Administration	20,000	21,280	1,280
Public Works		24,263	24,263
Total Expenditures	20,000	45,543	25,543
Net Change in Fund Balance	34,415	8,883	(25,532)
Fund Balance			
May 1	36,025	36,025	
April 30	\$ 70,440	44,908	(25,532)

VILLAGE OF METTAWA, ILLINOIS

Special Service Area #4 Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Revenues			
Taxes	\$ 11,000	11,029	29
Expenditures			
Current			
General Administration	20,000	163	(19,837)
Net Change in Fund Balance	(9,000)	10,866	19,866
Fund Balance			
May 1	21,058	21,058	
April 30	\$ 12,058	31,924	19,866

VILLAGE OF METTAWA, ILLINOIS

Special Service Area #5 Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Revenues			
Taxes	\$ 4,000	4,023	23
Net Change in Fund Balance	4,000	4,023	23
Fund Balance			
May 1	28,907	28,907	
April 30	\$ 32,907	32,930	23

VILLAGE OF METTAWA, ILLINOIS

Special Service Area #7 Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Revenues			
Taxes	\$ 15,800	15,580	(220)
Expenditures			
Current			
General Administration		2,438	2,438
Net Change in Fund Balance	15,800	13,142	(2,658)
Fund Balance			
May 1	10,817	10,817	
April 30	\$ 26,617	23,959	(2,658)

VILLAGE OF METTAWA, ILLINOIS

Special Service Area #9 Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Revenues:			
Taxes	\$ 25,000	27,530	2,530
Expenditures:			
Current			
General Administration		5,499	5,499
Net Change in Fund Balance	25,000	22,031	(2,969)
Fund Balance			
May 1	4,391	4,391	
April 30	\$ 29,391	26,422	(2,969)

VILLAGE OF METTAWA, ILLINOIS

Special Service Area #11 Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Net Change in Fund Balance	\$		
Fund Balance			
May 1	(1,865)	(1,865)	
April 30	\$ (1,865)	(1,865)	-

VILLAGE OF METTAWA, ILLINOIS

2006 G.O. Bonds

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

	Final Budget	2011 Actual	Variance Over (Under)
Expenditures			
Debt Service			
Interest	\$	13,889	13,889
Net Change in Fund Balance	-	(13,889)	13,889
Fund Balance			
May 1	(41,670)	(41,670)	
April 30	\$ (41,670)	(55,559)	13,889

VILLAGE OF METTAWA, ILLINOIS

Debt Service Special Service Area #8 Fund

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

	<u>Final Budget</u>	<u>2011 Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Investment Income	\$ 600	229	(371)
Expenditures			
Debt Service			
Interest	<u>91,822</u>	<u>85,348</u>	<u>(6,474)</u>
Net Change in Fund Balance	(91,222)	(85,119)	6,103
Fund Balance			
May 1	<u>383,517</u>	<u>383,517</u>	
April 30	<u>\$ 292,295</u>	<u>298,398</u>	<u>6,103</u>

VILLAGE OF METTAWA, ILLINOIS

Debt Service Special Service Area #10 Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Expenditures			
Current			
General Administration	\$	22,894	22,894
Net Change in Fund Balance	-	(22,894)	(22,894)
Fund Balance at Beginning of Year	(6,245)	(6,245)	
Fund Balance at End of Year	\$ (6,245)	(29,139)	(22,894)

VILLAGE OF METTAWA, ILLINOIS

Capital Project Special Service Area #2 Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Revenues			
Investment Income	\$ 165	145	(20)
Net Change in Fund Balance	165	145	(20)
Fund Balance			
May 1	119,904	119,904	
April 30	\$ 120,069	120,049	(20)

VILLAGE OF METTAWA, ILLINOIS

Capital Project Special Service Area #8 Fund

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

	Final Budget	2011 Actual	Variance Over (Under)
Revenues			
Investment Income	\$	334	334
Net Change in Fund Balance		334	334
Fund Balance			
May 1			
April 30	\$ -	334	334